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Two ANC fighters, one carrying an AK-47 assault weapon, sprinting for cover on Tuesday during fighting with Inkatha members outside Johannesburg in which up to a dozen died.

South Africa's Hopes For a Calm Election Rise as Zulus Agree To Call Off Boycott

By Paul Taylor and William Claiborne

PRETORIA — In a dramatic development just a week before South Africa's first democratic election, Chief Mangosuthu Buthelezi, president of the Zulu-based Inkatha Freedom Party, called off his election boycott Tuesday, raising hopes that election-related violence can be reduced.

Chief Buthelezi signed an election participation agreement with President Frederik W. de Klerk and the African National Congress president, Nelson Mandela. The agreement was endorsed by King Goodwill Zwelithini of the Zulus, who until now had been instructing his 8 million subjects not to vote.

The accord, brokered over the past four days with the help of a visiting mediator from Kenya, provides for a constitutional guarantee of the continuation of the Zulu monarchy in the post-apartheid South Africa, and for postelection international mediation on outstanding differences over the powers of regions.

The terms are not substantially different from those that have been available to Chief Buthelezi for months, leading many analysts to conclude that he finally realized his spoiling tactics were not going to force the postponement he had been seeking in the election date.

The breakthrough — after months of failed talks and spiraling political violence — was greeted with jubilation by a nation that has a bad case of pre-election jitters. People hugged each other in the corridors of the legislative building of the Buthelezi-led black homeland of KwaZulu, and stocks rose up by 2.6 percent on the stock exchange in Johannesburg.

"I think Mr. Buthelezi looked over the brink and blinked," said Robert Schrire, a leading political scientist.

Inkatha is the 19th party on the national ballot, and its participation leaves only one major political organization, the Conservative Party, outside the first election in South Africa's history in which blacks as well as whites will be able to vote.

"South Africa may well have been saved from disastrous consequences of unimaginable proportions," Chief Buthelezi said.

Mr. Mandela added: "Nothing is more precious than saving lives."

Both leaders acknowledged that the political killings would not end overnight. Their supporters have been engaged in a low-intensity civil war for the past decade. It began over differences in tactics on how to oppose apartheid, and has reached deadlier levels in recent years as a political turf war over the spoils of the first black-led government expected to come to power after next week's vote.

Chief Buthelezi, who until a decade ago was frequently touted as South Africa's first black president, has been on the losing end of this battle. He has been no match for Mr. Mandela's popularity, or the martyrdom that came from serving 27 years in prisons. Many independent analysts say he is on sound intellectual footing with his argument for a federal state with more devolved powers, but his own intransigent bargaining style has his chief obstacle during two years of constitutional negotiations.

Polls suggest that his Inkatha party is unlikely to break out of single digits in the national balloting, and may not even be able to carry its regional base KwaZulu-Natal.

Chief Buthelezi's negotiating alliance with white rightist groups has further eroded an already weakening political base. Two months ago, he played the ethnic card, allowing his nominally apolitical nephew, King Zwelithini, to add his voice to the call for a boycott.

King Zwelithini said he would settle for nothing less than a sovereign Zulu nation. In fact, he has settled for the same ceremonial trappings of royalty that he already enjoys within KwaZulu — expanded slightly to cover a new region of KwaZulu-Natal.

By getting in at the 11th hour, Chief Buthelezi has confounded critics who said he would never participate because he feared electoral humiliation. One contrarian view holds that his boycott has kept him in the news much more than any campaign would have.

Even better, this view holds, the long boycott has given Chief Buthelezi an "out": if he does badly next week, he can always say his late entry was the reason.

Election monitors hope Inkatha's participation will remove the greatest potential trigger for violence on the day of voting. Had the boycott persisted, in villages where Inkatha is strong, the act of voting would have been seen as a declaration of support for the opposition.

Clinton Pushes for More Air Strikes Against Serbs

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton on Tuesday backed a major extension of NATO air power to counter Bosnian Serbian aggression, and U.S. officials plan to discuss it with NATO allies, a senior White House official said.

Mr. Clinton called two White House meetings Tuesday with his senior foreign policy advisers and promised an announcement.

Between sessions, the official said the president favored "a more muscular approach" but

needed the allies' endorsement to go ahead.

The official, who briefed reporters on condition of anonymity, said Mr. Clinton and his top foreign policy advisers had come up with a mixture of military and diplomatic initiatives aimed at bringing the Bosnian Serbs back to the negotiating table.

He said Mr. Clinton was generally supportive of a proposal from UN Secretary General Butros Butros Ghali to expand the threat of NATO air strikes to help protect civilian in all six UN-declared "safe areas" in Bosnia. With

advances and pressure the Serbs to negotiate in good faith, according to news accounts here.

This would amount to an endorsement by Mr. Clinton of a letter sent Monday by the UN secretary-general, Boutros Boutros Ghali, calling on NATO to authorize air strikes to protect the six UN-designated "safe areas" in Bosnia — Gorazde, Sarajevo, Tuzla, Srebrenica, Zepa and Bihać. The letter was sent to Manfred Wörner, secretary-general of the North Atlan

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Bosnian Serbs Are Testing the West, and Winning

By Daniel Williams

Washington Post Service

WASHINGTON — A year ago, Bosnian Serbian troops were poised to conquer the eastern Bosnian town of Srebrenica and drive out its Muslim population. Their campaign was stymied by the intervention of General Philippe Morillon, the French United Nations commander at the time, who went to Srebrenica with a handful of peacekeepers and all but dared the Serbs to proceed.

The Serbs backed off, and Srebrenica's fall was averted. In February, the Serbs withdrew their artillery from around Sarajevo in the face of NATO threats to bomb.

Washington and the West hailed the result as a victory of resolve.

Now, the Serbs have all but overrun Gorazde, another Muslim town in the east, and neither bombs nor warnings nor

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pleas from the West have deterred them. Suddenly, the fear shown by the Serbs in Srebrenica and Sarajevo has evaporated, and a year's worth of threats and pledges by the Clinton administration, the United Nations and the North Atlantic Treaty Organization have come undone.

With Gorazde, the Serbs seem to have understood the limits of Western action. Their unpunished attack of a UN-declared "safe haven" has revealed the basic imbalance in purpose and resolve between the Serbs and all the outside powers involved in Bosnia — particularly Washington.

From the day the war began two years ago, the Serbs have not wavered from their strategic goals: to conquer as much land in Bosnia as possible, expel the Muslims and at some point join their territory to Serbia. Disruptions in that drive,

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Serbs Retake 18 Anti-Aircraft Guns Near Sarajevo

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina — The Bosnian Serbs stepped up their confrontation with the United Nations on Tuesday, seizing 18 anti-aircraft guns from UN control near Sarajevo and shelling UN installations in Gorazde.

"They have removed 18 anti-aircraft weapons," a UN spokesman, Major Dacre Holloway, told Reuters.

The weapons were seized from a collection point at the Bosnian Serbs' barracks at Lukavica, just outside Sarajevo, the spokesman said. It was unclear where the weapons had been taken. But the UN commander said late Tuesday that the Serbs had returned four guns and promised to return the others overnight on orders from Radovan Karadzic, the Bosnian Serb leader.

"We have confirmed that they are now moving back to under our control," said the commander of UN forces in Bosnia, Sir Michael Rose. "They have been ordered back by Karadzic."

At the same time, 21 UN personnel detained by Bosnian Serbian forces were released Tuesday, a UN spokesman said.

Five were UN military observers and the

other 16 were peacekeeping troops from Canada, said the spokesman, Eric Chaperon.

Earlier Tuesday, Mr. Karadzic said there would be a "terrible war" if NATO launched fresh air strikes against Serbian positions in Bosnia-Herzegovina.

"It would be a terrible escalation, a terrible war," Mr. Karadzic told reporters when asked what would happen if NATO launched air strikes to stop the Serbian assault on the eastern Bosnian town of Gorazde.

"If there are going to be any air strikes there is going to be a war," he said.

NATO jets bombed Serbian forces attacking Gorazde in two raids on April 10 and 11. On Saturday, the Serbs shot down a British Sea Harrier fighter jet over Gorazde as it was attempting to attack a Serbian tank.

Commenting on the taking of the anti-aircraft weapons on Tuesday, a UN Protection Force spokesman, Major Rob Annink, said: "They are very much afraid of further air strikes."

He said armed Serbs had "showed up in force" to take the weapons at Lukavica, and

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Sefko Omerbasic, a Muslim leader, at a Zagreb protest Tuesday over Gorazde's fate.

Trying to Reassure Public, Israel Seizes 300 Militants

By David Hoffman

Washington Post Service

JERUSALEM — Israeli security forces have detained more than 300 activists in the militant Islamic movement Hamas and Islamic Jihad in recent days, reacting to a string of violent attacks against Israeli targets.

It was the largest dragnet against the Islamic groups since the 1992 deportation of 400 activists to southern Lebanon, when more than 1,000 were detained and arrested.

The arrests, carried out by the army and the Israeli internal security service, were made across the West Bank and Gaza Strip, but appeared to be centered in Gaza, where the Islamic movements are strongest.

Palestinian and Israeli sources said the arrests were directed at younger activists — many in their late teens and early 20s — rather than the older leaders of Hamas who were deported in 1992.

The army has not said whether it captured any of the members of the armed wing of Hamas, small cells of fugitives who in recent leaflets have taken responsibility for the attacks on Israelis.

Palestinian sources said 65 Islamic activists were arrested in their homes in the early hours of Tuesday in the Gaza Strip, bringing the total number of Gazans detained in recent days to more than 200.

In Hebron, Palestinians said 25 were arrested, and the remainder were taken from other locations in the West Bank. Among those arrested in Hebron were several prominent Islamic personalities, including Tayssir Tamimi, prayer leader at the mosque.

Mahmoud Zohar, a physician who has been a spokesman for Hamas, denied that those arrested had been Hamas activists and said that Palestinians would not respond to pressure tactics by Israel.

The army said weaponry was also confiscated in the house-to-house searches but it did not provide details.

The detentions came after two suicide car-bomb attacks in Afula and Hadera for which Hamas, the larger of the two groups, took responsibility. There was also a shooting attack at a bus stop in Ashdod and a hatchet assault this week on bus passengers in Jerusalem. Hamas has said the violence against civilians is revenge for the Hebron mosque massacre in which 29 Muslim worshippers were killed by a militant Jewish settler.

The Israeli crackdown appeared to be part of an effort by Prime Minister Yitzhak Rabin to reassure a jittery public.

"We will fight those who continue terror with all the means that are available to us," Mr. Rabin said. "The only limitation is the limitation of the law."

Nixon Partly Paralyzed and Unable to Speak After Suffering Stroke

Compiled by Our Staff From Dispatches

NEW YORK — Former President Richard Nixon was partly paralyzed and unable to speak Tuesday after suffering a stroke. Mr. Nixon, 81, was stricken Monday evening at his home in Park Ridge, New Jersey, and was taken by ambulance to the New York Hospital-Cornell Medical Center.

The paralysis affected his right side. "He has

just a little movement in his foot, on the right side," said Elizabeth Johnston, a press aide.

"There is no speech as of yet."

Mr. Nixon's physician, Dr. Michael Giordano, said, "It is hoped, but uncertain, that he will have improvement in his neurologic condition. No dramatic changes are anticipated in his condition over the next several days."

Mr. Nixon's daughters, Tricia Cox and Julie

Eisenhower, and the Reverend Billy Graham, a longtime friend, went to his bedside. Mr. Nixon's wife, Pat, died last year.

Hundreds of people called the hospital and the Nixon home to offer good wishes, an aide, Kim Taylor, said. "There has been an incredible outpouring of support from senators, world leaders and just ordinary people," she said.

Mr. Nixon was the nation's 37th president,

serving from Jan. 20, 1969 to Aug. 9, 1974. To avoid impeachment, he resigned in the middle of his second term amid the Watergate scandal, becoming the only president to ever resign from office.

He came to the presidency after nearly a quarter-century as a Republican office-holder — congressman, senator and vice president — under Dwight D. Eisenhower. (AP, Reuters)

At Citibank, a Story of Good Friends and a Great Deal

By Nathaniel C. Nash

New York Times Service

BUENOS AIRES — Two years ago, when Citicorp was in financial trouble and its chairman, John Reed, was battling to save his career, he turned for help to Argentina and to his old friend, H. Richard Handley, president of Citibank Argentina. The bankers, who spent childhood years in Argentina, had a special relationship. They liked to sit in Mr. Handley's office, bantering in Spanish and plotting the Latin American strategy for Citibank.

It was from that friendship that they conceived a plan that some in the financial district of Buenos Aires call "the deal of the century." It helped raise about \$450 million for the bank, but it also made some of the executives' friends very rich.

The deal was possible because over a five-year period, Mr. Handley took Argentine government bonds held by the bank, which at one point were worth 11 cents on the dollar, and swapped them for stock in several government-run monopolies. The government was only too happy to take the bonds because they represented money it owed to the bank. And

selling stock in several large state-run companies was one way to eliminate a drain on the national treasury.

Mr. Handley placed the stock in a separate Citibank investment company. Then, when the stock values began to climb, Mr. Handley sold pieces of the investment company to his friends at what look like bargain prices today.

To manage the investment company, he installed two of his young lieutenants and gave them and a small group of managers a pay package that will likely exceed \$110 million over five years. Many say that will enable them to make far more money than Mr. Reed has ever made at the bank.

This payout will permit them to use fees and bonuses to buy a piece of the investment company that is now worth \$205 million, for \$80 million. Some of the investors stand to make hundreds of millions of dollars. What's more, they will have to put up little if any of their own money to buy it.

No one accuses Mr. Handley or Mr. Reed of any wrongdoing. Indeed, their plan allowed the bank to convert nearly worthless Argentine bonds into cash.

"Why didn't any of the other banks do what we did?" Mr.

Handley asked rhetorically. "A lot of people didn't have the guts or the vision for it."

Business leaders in Buenos Aires say privately that Mr. Handley could have made \$500 million more for Citicorp and its shareholders and less for his friends if they had either delayed the sale of the investment company or pushed for a higher price.

But Citicorp dismisses that talk as Monday morning quarterbacking. At the time of the first sales, there was as good a chance that the value of Argentine investments would fall as that they would rise. Once the value of Citicorp's bond portfolio had been recouped by swapping the bonds for stock, it made sense for the bank to collect some of its money. Besides, Citicorp needed the funds back home to bolster its capital.

John Morris, a Citicorp spokesman, said the selling prices "were the best we could achieve under the then-current market conditions and the time frame for completion of the sales."

Mr. Handley said the bank was also under pressure from

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Kiosk

Kohl Sees 'Springtime' for Economy

HANNOVER, Germany (Reuters) — Chancellor Helmut Kohl said Tuesday that "springtime" had come for the German economy after its worst postwar recession. But another leading business group, the Federation of German Wholesale and Foreign Trade, struck a more cautious note. In an election-year speech at the opening of the Hannover Trade Fair, Mr. Kohl said

rising industrial production, increased orders from abroad and a turn for the better in domestic business showed recovery had begun. "It is undeniable that springtime has come for the economy," he said.

Michael Fuchs, president of the business federation, said that a pickup in the domestic economy would take time even though exports and imports should rebound.

Rodney King Awarded \$3.8 Million

LOS ANGELES (Combined Dispatches) — A jury on Tuesday awarded \$3.8 million in damages to Rodney King, the black motorist whose beating by white police officers ultimately led to the 1992 Los Angeles riots.

The award was below the \$15 million sought by Mr. King in compensatory damages but above the \$800,000 the city said was fair. A second phase of the trial will determine punitive damages. (Reuters, AP)

Newsstand Prices

Andorra.....9.00 FF	Luxembourg 60 L.	Fr
Antilles.....11.20 FF	Morocco.....12 Dh	
Armenia.....1.400 CFA	Qatar.....8.00 Riels	
Egypt.....9.00 FF	Réunion.....11.20 FF	
France.....9.00 FF	Saudi Arabia.....9.00 R.	
Gabon.....9.00 CFA	Senegal.....9.00 PTAS	
Greece.....300 Dr.	Spain.....1.000 Din	
Ivory Coast.....1.120 CFA	Tunisia.....1.000 Din	
Jordan.....1 JD	Turkey.....8.50 Drh	
Lebanon.....US\$ 1.50	U.S. Mil. (Eur.) \$1.10	

Dow Jones	Trib Index	
Down	Down	
0.60	0.50%	
3,619.82	110.24	
The Dollar		
New York	Tues. close	previous close
DM	1.7005	1.7008
Pound	1.4805	1.4765
Yen	103.15	103.20
FF	5.8375	5.8465

Kohl Blocked in Bid to Win Consensus on a President

BONN — With a special assembly to choose a new German president only about a month away, Chancellor Helmut Kohl's hand-picked candidate is still not assured of solid backing by the government's junior coalition partner, according to leading politicians here.

Mr. Kohl selected Roman Herzog, 60, the president of the Federal Constitutional Court in Karlsruhe, after his previous choice, Steffen Heitmann, the Saxon minister of justice, had to withdraw because of an uproar over a series of controversial statements about the German past, ethnic conflict and the role of women in the home.

Mr. Herzog, a grandfatherly figure from Bavaria who has sought to be more reassuring about the role he would play in the largely ceremonial post, is not well known to the public.

In interviews, leaders of the Free Democrats, the junior members of Mr. Kohl's coalition, said this week that some members of their party were leaning toward support of the candidate the opposition Social Democrats nominated for the presidency, Premier Johannes Rau, 63, of North Rhine-Westphalia.

Some say they believe they could do this when the assembly meets May 23 without bringing about a collapse of the coalition because the Free Democratic leadership pledged last week to campaign in the Oct. 16 national elections on a platform of continuing the alliance with Mr. Kohl's Christian Democrats if they win.

As a possible compromise, there have also been suggestions of another candidate all parties could back without losing face. Among the names have been mentioned are Kurt Masur, the conductor of the Leipzig Gewandhaus orchestra and now of the New York Philharmonic, and Walther Leisler Kiep, a wide-

ly respected Christian Democratic elder statesman who has not said if he will run.

Mr. Kiep, 68, and better known abroad than the other politicians in the running, heads an organization that promotes trans-Atlantic understanding, the Atlantic Bridge.

Asked about this suggestion, Mr. Heitmann, who had unsuccessfully urged support for Richard Schröder, a politician from East Germany, said: "I believe the best chance to nominate an all-party candidate was when I pulled out, but Johannes Rau refused to give way to Richard Schröder then. Now all the parties are committed to candidates, and since the Free Democrats have said they would continue the coalition, I don't have much doubt that Roman Herzog will be elected."

"I admire Walther Leisler Kiep as a distinguished figure whose commitment to the people of East Germany in the darkest days of the country's division is

remembered even today," Mr. Heitmann added, "and in my view he would have been a fine candidate, too."

One Free Democratic leader said this week that Mr. Kiep could still be in the running. The Free Democrats would play a pivotal role because the 1,324-member presidential assembly is chosen proportionally to reflect party strengths, and because there is said to be considerable unhappiness among Christian Democratic members of parliament, who will also be members of the assembly, about Mr. Herzog.

In the first two ballots, when an absolute majority is required to win, the Free Democrats plan to support a candidate of their own, Hildegard Hamm-Brücher, a 72-year-old former government minister. But on the third ballot, the candidate who wins the largest number of votes wins. The Free Democrats could hold the balance if they all decided to back one candidate.

—CRAIG R. WHITNEY

WORLD BRIEFS

New Air Rules in Iraq After Blunder

ELMENDORF Air Force Base, Alaska (Reuters) — The Defense Department revised its rules of engagement in Iraq on Monday in an attempt to avoid the fatal blunder that killed 26 people last week. Defense Secretary William J. Perry said procedures for identifying slow-moving helicopters before attacking them were now more detailed. It will take longer to shoot down a helicopter than a plane in the "no fly" zone set up by the allies over northern Iraq to protect Kurds from the Iraqi military.

"We have revised the Iraq procedures," he told reporters traveling with him to South Korea before making a refueling stop here. He declined to be specific on the new rules. The fighters wrongly identified the craft as Iraqi helicopters believed to be violating the no-fly zone.

Bomb Attack Wounds 13 in Tehran

TEHRAN (Reuters) — A bomb destroyed five cars at a busy intersection in central Tehran on Tuesday, wounding 13 people. Tehran radio blamed Iraq for the attack.

"Reliable security sources say the Iraqi regime has recently sent four bombers to Iran and today's blast was carried out by these saboteurs," the radio said.

Iran has blamed Iraqi agents for explosions in Tehran and other cities in the past, including truck bombs that killed scores of people in the capital in the 1980s. The bombings started soon after the 1979 Islamic Revolution and peaked during the Iran-Iraq war from 1980 to 1988.

Toxic Chemicals Up, Pollution Down

WASHINGTON (AP) — The amount of toxic chemicals generated by U.S. industry increased slightly in 1992, but fewer of the pollutants were released into the environment.

The Environmental Protection Agency reported Tuesday that industry generated 37.3 billion pounds (16.8 billion kilograms) of toxic chemicals in 1992, an increase of 0.5 percent from the year before. But chemicals released into the environment were down 6.6 percent, to 3.2 billion pounds.

The agency issued a list of the 10 companies that released the most toxic chemicals into the environment in 1992. DuPont led with 239.6 million pounds, followed by Freport-McMoran, American Cyanamid, Monsanto, Asarco, Renco, Vulcan, Arcadian Fertilizer, Eastman Kodak and BP America.

Army Warns Indonesia Labor Chiefs

MEDAN, Indonesia (Reuters) — Protesters rampaged through factories in Sumatra's industrial areas on Tuesday, tearing apart a doll-clothes factory and wrecking cars in the sixth day of labor-related protests. Labor activists said two of their leaders had been arrested, and their branches across the country were warned by soldiers against sympathy strikes.

"Many of our branch leaders were approached by soldiers making threats and frightening them into not taking part in action, particularly in the Jakarta area," said one unionist at the independent Indonesia Labor Welfare Union, which organized Medan's initial strike last week.

After an uneasy calm after earlier riots in which at least one person was killed and more than 100 people arrested, violence flared again here on Tuesday. A Reuters photographer saw several factories southeast of Medan badly damaged after groups of youths climbed fences and gates to attack factories which had resumed production. There were no reports of injuries.

Only a Third of Voters Like Balladur

PARIS (Reuters) — Only a third of French voters prefer the conservative government of Prime Minister Edouard Balladur to its Socialist predecessor, according to an opinion poll published Tuesday.

The survey, published by Le Monde, showed 32 percent rated Mr. Balladur higher than the previous incumbent, Pierre Bérégovoy, while 23 preferred Mr. Bérégovoy. But almost half — 45 percent — said there was nothing to choose between the two or that they had no opinion.

Mr. Balladur's public approval rating has slumped from a peak of around 65 percent to about 42 percent since he yielded to street demonstrations against various government policies.

TRAVEL UPDATE

New Tagus Bridge Due Near Lisbon

LISBON (AFP) — French and British companies and five Portuguese concerns have won the contract to build a second bridge across the Tagus River, Portuguese Public Works Minister Joaquim Ferreira do Amaral said Tuesday.

The toll bridge will have six lanes and will span 17 kilometers (10 miles) from Montijo on the southern bank of the river to Sacavem east of Lisbon.

Smoking will be banned by Austrak, the U.S. passenger-train network, on short- and medium-distance daytime trains and some long-distance overnight trains starting May 1.

Motorists on the London Underground network are being issued with the kind of sunglasses favored by film stars. The aim is to cut the dazzle when trains surface from tunnels into bright daylight.

Western embassies in Sri Lanka are warning tourists about threats from a relatively unknown rebel organization, Eelam Force, which took responsibility for recent bomb attacks against hotels, diplomats said Tuesday.

Malaysia's second airline, Air Asia, hopes to start scheduled services in the region by October, an official said Tuesday. No destinations were announced pending government approval.

China Prime Minister, in Uzbekistan, Calls for Renewal of the 'Silk Road'

TASHKENT, Uzbekistan — Prime Minister Li Peng of China called here Tuesday for a "new Silk Road" establishing closer trade links between China and Central Asia and pledged fresh economic assistance to Uzbekistan to start it off.

"In the past, the Silk Road joined China and Uzbekistan together," he said. "Now we want to build a new Silk Road."

Mr. Li said he and Uzbekistan's president, Islam A. Karimov, had signed economic and trade agreements. Details were not made public, but officials said one accord included the promise of a loan to Uzbekistan from China to help boost trade ties between the two countries.

In remarks to reporters, Mr. Karimov praised China's economic reforms and said Beijing had a key part to play in development of Central Asia. His remarks were interpreted here as a signal of support

Clouds Keep Endeavour In Space an Extra Day

HOUSTON — The Space shuttle Endeavour and its crew of six astronauts stayed in orbit an extra day because of bad weather at the Florida landing site, the U.S. space agency said Tuesday.

Low, dark clouds scuttled a first attempt to land at the Kennedy Space Center and skies did not clear enough for a second attempt on orbit, or one and a half hours, later. Because of the way the orbit was shaped, there were only the two chances to land Tuesday.

Army Shells Refugees At Stadium In Rwanda

By Donatella Lorch

NAIROBI — More than 10 people were killed and hundreds wounded Tuesday as Rwandan Army troops shelled the national stadium in Kigali where more than 5,000 Rwandans had sought refuge, United Nations military and Red Cross officials said.

The attack underscored the intensifying war between the Rwandan Army and the rebel Rwandan Patriotic Front, which have been fighting for control of the capital since April 6.

On Tuesday morning about 30 shells slammed into Amahoro Stadium where refugees had been trapped without food for more than a week. Heavy artillery and small arms fire continued through the day. Red Cross officials said they managed to evacuate 33 seriously wounded people and distributed 25 metric tons of food to refugees in the stadium.

Unconfirmed reports say fighting has broken out in and around certain refugee camps near the Burundi border and that anarchy is spreading throughout the country.

As of Monday, all phone lines in Rwanda appeared to have gone dead, completely isolating the country. Despite the past weeks of chaos and butchery, phones had continued to function, permitting Rwandans to reach out to aid workers, human rights officials, foreign embassies and friends to tell of massacres and fighting.

There are now only two working satellite phones in Kigali, one belonging to the Red Cross and the other to the United Nations. Both organizations have very little access to areas away from their compounds, and relief officials and diplomats are concerned that they will have little to no information about what is happening in the country.

"The situation appears to be getting worse rather than improving," said Abdul Kabia, the executive director of the UN mission in Rwanda, to Reuters in Kigali. "We are continuing to talk to both parties, but our efforts have stalled and we're not getting anywhere. We find that the positions of both parties are hardening."

Almost two weeks of fighting and massacres have left tens of thousands of dead and created hundreds of thousands of refugees. The bloodletting began on April 6 when the president of Rwanda, and Burundi, both Hutus, were killed in a suspicious plane crash.

Although politically motivated, it triggered centuries-old tribal hatred between the government-dominated Hutus and the minority Tutsis. Hard-line Hutu extremists immediately killed members of a moderate transitional government that had incorporated many Tutsis. The mostly Tutsi Patriotic Front mounted an attack on the capital, and thousands of others, mostly Tutsis, have been killed in massacres.

The roughly 2,000 UN troops in Rwanda were originally brought there to monitor a cease-fire that has long since been broken between the government and the rebels. Since the fighting broke out, they have been forced to helplessly witness massacres. With limited freedom of movement in Kigali, they are virtually stranded. There is a food shortage in all the UN-controlled areas in Kigali, and the United Nations is sharing food with the refugees in the stadium.

On Monday, the UN Security Council said the UN mission would remain in Kigali only if the government forces and the rebels could reach a peace agreement.

Prime Minister Promises Anti-Corruption Measures in Spain

Prime Minister Felipe González of Spain being applauded by Socialist legislators and cabinet members Tuesday after his state of the nation address in parliament.

Mr. González, whose government has been hurt by corruption scandals, promised new measures against corruption, including the naming of special prosecutors.

Berlusconi Testifies in Inquiry on Shopping Center

TURIN — The business tycoon Silvio Berlusconi, expected to be Italy's next prime minister, testified on Tuesday before an Italian magistrate investigating allegations of corruption involving one of his companies.

Mr. Berlusconi, who led the rightist Freedom Alliance to victory in general elections last month, made no comment to journalists as he entered the magistrates' offices here.

The magistrate Marcello Maddalena summoned Mr. Berlusconi last week to testify in the case.

It involves the construction of Europe's largest shopping center in the Turin suburbs, built as a joint venture between Mr. Berlusconi's Fininvest group and the French company Trema.

Mr. Berlusconi opened the main section of the center last year. Political parties are suspected of having demanded about 2 billion lire (\$1.2 million) in kickbacks for approval of the center. Several local politicians already face charges over the affair.

The ANSA news agency said last week that there was no evidence that Fininvest had

had paid bribes over the shopping center.

De Michelis at University

Gianni De Michelis, the former foreign minister whose diplomatic career was cut short by Italy's corruption scandal, has returned to his former job teaching chemistry, Reuters reported in Venice.

"I'm a little rusty," Mr. De Michelis was quoted as saying in Corriere della Sera newspaper on Tuesday. "I'll have to study up on the material as it's been such a long time since I last taught."

Mr. De Michelis returned to teach organic

chemistry on Monday at the University of Venice, where he had worked from 1964 to 1976, when he won a seat in Parliament for the Socialist Party.

Mr. De Michelis, who was foreign minister from 1989 to 1992, had been on leave of absence from the university and was entitled to return after losing his seat in Parliament in the elections last month.

He will earn about \$1,800 a month as a part-time lecturer.

He could face four years in jail if convicted in a trial that began last month over alleged illegal payments to his Socialist Party.

Israeli Soldiers Who Balk: Line Forming on Right

By Clyde Haberman

JERUSALEM — In Israel, where the army is respected to the point of veneration, soldiers rarely refuse to carry out orders.

There have been exceptions, conspicuously some Israelis on the political left who refused to take part

in the 1982 invasion of Lebanon or to service in the West Bank and Gaza Strip. About 300 men preferred jail to such service.

Now, in one of the rare instances in the country's history, calls for conscientious objection are coming from the right, and they have deepened the political and religious schisms already apparent in Israel as it prepares to turn over authority to Palestinians in Gaza and the West Bank town of Jericho.

The dispute focuses on a proclamation by three influential rabbis, including a former Ashkenazi chief rabbi, who recently reaffirmed a ruling made last year that said religious law required soldiers to defy any army order to evacuate Jewish settlers from the territories. "You must refuse it as you would refuse an order to eat pork," said the former chief rabbi, Avraham Shapira.

Former Prime Minister Yitzhak Shamir joined the fray by saying that a soldier must disobey any command to remove Jews "from the homeland" because that would be equivalent to an order to kill his parents.

Reactions from the authorities were swift and angry. To Prime Minister Yitzhak Ra-

bin, such calls for defiance set in motion "the destruction of the Israeli Defense Forces and the security of the state."

Even many rightist allies of Mr. Shamir, although agreeing with him that Israel must hold onto the territories, said he and the rabbis had gone too far.

For now, the arguments float in the realm of the hypothetical.

Mr. Rabin says moving settlers — including those of the highly disputed Jewish enclaves of Hebron in the West Bank — is not on his immediate agenda. Moreover, this country is simply not built for mass conscientious objection. With relatively few exceptions, even the most bitter opponents of the Lebanon war and the post-1967 occupation of the West Bank and Gaza bit their lips and did their army duty.

Still, what is hypothetical now may not stay that way.

On the eve of the country's Independence Day last week, Mr. Rabin allowed that he would be ready in the future to "take down settlements" for peace with the Arabs. He offered no details, and a spokesman insisted that nothing had changed in the official line that

the roughly 140 Jewish communities in the territories would not be touched during an interim period of Palestinian self-rule.

Nonetheless, it was the first time that the prime minister had suggested so strongly that settlements might not last forever, and it is likely to increase the calls to civil disobedience from rabbis and others who assert that populating the biblical Land of Israel, including

territories captured in the 1967 war, is divinely ordained.

"There will be no rebellion, no civil war, no breakdown of law and order in the military," said Yoram Peri, chief editor of the newspaper Davar and a specialist in the relationship between the Israeli Army and politics. "But what the rabbis have done presents some people with spiritual, moral and ideological dilemmas."

Jurors Consider a Verdict For French Collaborator

VERSAILLES, France — The jury in the trial of the French Nazi collaborator Paul Touvier retired on Tuesday to consider its verdict.

Touvier, 79, is charged with crimes against humanity for the execution of seven Jews by firing squad in 1944 while he was intelligence chief of the Lyon militia during World War II.

Before the jury withdrew, the presiding judge asked Touvier if he had anything to say. He replied, "I have never forgotten the Rillieux victims. I think about them day and night. That's all."

His defense lawyer, Tremolet de Villers, said Touvier, the first Frenchman to be tried for crimes against humanity, had the seven Jews shot in order to save 23 others.

If convicted he faces a maximum term of life imprisonment.

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THE AMERICAS / COUNT WOMEN IN

Court Bars Juries Based on Gender Ruling Gives Same Protection To Sex as That Granted Race

By Linda Greenhouse
New York Times Service

WASHINGTON — The Supreme Court essentially completed a revolution in jury selection on Tuesday by ruling that the constitution's guarantee of equal protection bars the exclusion of potential jurors on the basis of their sex.

The 6-to-3 decision, written by Justice Harry A. Blackmun, extended to sex the same constitutional analysis that the court applied to race in a landmark ruling eight years ago. In that decision, *Batson v. Kentucky*, the court barred prosecutors from using their peremptory challenges to remove black jurors in criminal trials of black defendants.

In subsequent rulings, the court quickly expanded the holding of the *Batson* case to bar any use of race as a motivating factor in jury selection, in civil trials as well as criminal and by private litigants as well as government prosecutors.

"We hold that gender, like race, is an unconstitutional proxy for juror competence and impartiality," Justice Blackmun said. He added: "Discrimination in jury selection, whether based on race or on gender, causes harm to the litigants, the community, and the individual jurors who are wrongfully excluded from participation in the judicial process."

The other justices in the majority were John Paul Stevens, Sandra Day O'Connor, David H. Souter, Ruth Bader Ginsburg, and Anthony M. Kennedy, who concurred in a separate opinion.

Chief Justice William H. Rehnquist, Justice Antonin Scalia and Justice Clarence Thomas dissented.



President Jean-Bertrand Aristide of Haiti warning in San Francisco that without democracy, refugees will flood the United States.

Smuggled Gas in Haiti: Even U.S. Buys

By Douglas Farah
Washington Post Service

PORT-AU-PRINCE, Haiti — Despite a United Nations-mandated embargo on all petroleum products, the United States Embassy and other diplomatic missions here routinely buy smuggled fuel on the open market, directly feeding money to the military strongmen that the international community is supposed to be punishing.

The embassy deliveries are more dignified, but the principle is the same as with the sales seen daily in what has become Haiti's sole gas station, along the main highway by the port: Dozens of trucks piled high with barrels of gasoline and diesel fuel sell their precious cargo to hundreds of people who push and shove to buy small amounts and carry it away in anything from tin cans to five-gallon jugs.

The trucks make the journey from the border with the Dominican Republic. The influx of gasoline is estimated by diplomats and businessmen at 1.5 million to 3 million gallons (5.7 to 11.3 million liters) a month. It sells for about \$1 a gallon in the Dominican Republic and \$2 to \$10 a gallon in Haiti.

The embargo was imposed in an attempt to return the ousted president, Jean-Bertrand Aristide, to office. But by buying smuggled fuel, American and other diplomats, as well as gallon-jug peddlers in the streets are enriching Haiti's military rulers.

"At this point, the U.S. Embassy is obligated to buy gasoline on the spot market like everyone else," said an embassy spokesman, Stanley Schirger. "We have no choice."

The embargo allows up to 300,000 gallons of fuel a month to be imported for the use of humanitarian organizations, but it contains no exemption for diplomatic missions.

Thousands of people retail the fuel in the gallon plastic containers on the street corners across the city and in outlying towns. The retailers make about 50 cents a gallon.

Haitian businessmen who have been pushed into bankruptcy by the embargo are angry that the international community seems to impose cavalryly on others what it is unwilling to endure itself.

"I cannot imagine having the nerve to tell the Haitian people they can do without gasoline," and then turning around and buying it for yourself," said a businessman who in the past has been friendly to the United States. "The hypocrisy of it all is stunning."

Another businessman said the American Embassy could just keep on, so their own measure did not affect them. "There is more than a touch of Alice in Wonderland in all this," he said, "because they know exactly where the profits go."

The profits, by all accounts, go to Lieutenant Colonel Michel François, the commander of the police, and his associates. Colonel François is accused by the United States and the United Nations of being responsible for a wave of terror that has swept Haiti and of being a leader of the 1991 coup.

Senator Christopher Dodd, Democrat of Connecticut, said after a visit here three weeks ago that he would ask President Joaquín Balaguer Ricardo of the Dominican Republic to tighten up the border.

"I think it is important that he hears from a friend that I think his border is a sieve," Mr. Dodd said. "You don't have to be an expert. Just driving around Port-au-Prince for the last couple of days you can see, if you've got the old cash in your hands, there is no embargo in Haiti."

Before the embargo, much of the fuel went to generate electricity. Now, most of it goes to keep cars on the roads — there are still traffic jams here — and to run private generators to help the wealthy endure the blackouts that now last days at a time.

The reason for not running the electric plants, businessmen said, was that the system of collecting payment has collapsed, and most people could not afford to pay greatly increased rates anyway.

"There is no tax collection, no nothing," said a businessman who deals with the military. "The only thing left of the state institutions are the military, and they have turned themselves into a business. Wherever there is money, there is the army. If they can't make money, they won't do it."

According to several sources familiar with the fuel market, about a dozen large-scale buyers, after paying off guards on both sides of the border and numerous police posts along the roads in Haiti, then pay "license" fees to Colonel François. Still, they can turn about a \$150 per gallon profit in sales to retailers, depending on the fluctuating price.

A flatbed truck can carry about a dozen 55-gallon barrels, meaning the wholesaler can expect to clear nearly \$1,000 a trip. Colonel François and the police make at least \$1 a gallon, knowledgeable sources said, meaning profits of \$1.5 million to \$3 million or more a month.

Away From Politics

● Khalid Abdul Muhammad, a prominent member of the Nation of Islam who has been widely criticized for expressing anti-Semitic views, toured the Holocaust Memorial Museum in Washington and emerged contending that genocide by whites against black people had been far worse than what happened to Jews. At one point, Mr. Muhammad, holding a poster-size portrait of a lynching, stressed that the Holocaust had lasted only a decade.

● Hundreds of convictions and pending court cases involving arrests made by 14 New York police officers who have been charged with corruption will have to be reviewed, and a small number are likely to be thrown out, two prosecutors said. District Attorney Robert M. Morgenthau and Robert H. Silberman, special narcotics prosecutor, said they were preparing lists of cases in which officers charged in the corruption scandal had made or assisted in an arrest.

● The chairman of the black studies department at City College in New York has had his reinstatement in the post upheld by a U.S. appeals court. But the U.S. Court of Appeals for the 2nd Circuit overturned a jury's award of \$360,000 in damages from the university, which demoted Leonard Jeffries after he gave a speech that some considered anti-Semitic and racist.

WP, NYT

CIA Tracking 'Quite a Few' Spies in U.S.

By Tim Weiner
New York Times Service

WASHINGTON — The director of central intelligence, R. James Woolsey Jr., said Tuesday that major counterespionage hunts were under way at the Central Intelligence Agency and elsewhere in the government, set off by secret information gleaned from the archives and agents of defunct Soviet and East European spy services.

Mr. Woolsey said "a large number of leads with respect to people who undertook espionage during the Cold War, in this country and in other countries, in several parts of the American government" were under investigation.

The case against Aldrich Hazen Ames, the former CIA official suspected of spying for Moscow and betraying at least 10 Soviet and East bloc agents working for the United States, is only one among many, he said.

Members of the congressional intelligence committees expressed fury, puzzlement and dismay at Mr. Woolsey's remarks Tuesday on the NBC "Today" show.

"I don't know what got into him," said Senator Dennis DeConcini, an Arizona Democrat and chairman of the Senate Select Committee on Intelligence. "It shouldn't be disclosed. It's very, very sensitive information."

Over the past month, present and former intelligence officials have said in interviews that several people who have worked over the past 15 years at the CIA, the Pentagon, State Department and the White House had fallen under suspicion in a spreading series of investigations.

In addition, several intelligence officials said that the CIA was now wondering about the allegiance of agents it thought it had recruited from East European nations over the past 25 years. Many now appear to have been double agents, pretending to work for the United States while in reality working for Moscow, the intelligence officials said.

The doubts are based on information from the files of the moribund intelligence services of bygone Communist nations, including Czechoslovakia and East Germany, the officials said. The archives of the former East German Ministry for State Security, or Stasi, now under control of the German government, have been a particularly rich source of information, they said.

Mr. Woolsey's statements suggested that the files had proved to be a kind of booby-trapped gold mine for the CIA, providing both a wealth of information on the secret history of the Cold War and the raw material for potentially explosive internal investigations at the agency.

Historians Doubt Scientists Aided Russia

New York Times Service

NEW YORK — Several historians have questioned a new book by a high Soviet intelligence official who asserts that the chief Western architects of the nuclear era acted as spies to give Moscow the secrets of the atom bomb.

The accused scientists — Niels Bohr, Enrico Fermi, George Gamow, J. Robert Oppenheimer and Leo Szilard — were lions of science who in the 1930s and early 1940s unlocked the atom and went on to create the world's first nuclear bomb in 1945. Drs. Bohr and Fermi at the time were Nobel laureates.

Some historians say that different aspects of the book, including details of the secret workings of Stalinist Russia, are of historical significance. But they questioned its allegation of atomic spying by leading Western scientists as dubious at best and mistaken on some important points.

The book, "Special Tasks: The Memoirs of an Unwanted Witness — a Soviet Spymaster," was published Monday by Little Brown & Co. and is excerpted in the current issue of Time magazine.

It was written by Pavel Sudoplatov, an intelligence chief during the Stalin era. He was aided in his writing by his son, Anatoli Sudoplatov, an economist at Moscow State University, as well as Jerrold L. Schecter, a former Moscow bureau chief for Time, and his wife, Leona P. Schecter.

The book asserts that Dr. Oppenheimer, the scientific head of the Los Alamos laboratory in New Mexico, where the bomb was invented, shared U.S. atomic secrets with Moscow and helped plant a number of Soviet moles deep in his top-secret organization, enabling Russia to break the American monopoly on nuclear arms quickly and become a superpower.

The book does not contain any documents that back up the central accusation against the scientists, although it does have documents bearing on other aspects of atomic espionage.

Russia exploded its first bomb in 1949, four years after the United States. Some Western scientists were surprised at the quickness of the advance, and historians have long known that Moscow's nuclear labors were aided by many relatively low-level spies.

Priscilla Johnson McMillan, a fellow at Harvard University's Russian Research Center who is writing a book on Dr. Oppenheimer's nuclear work, agreed that the overall work was important but questioned its revelations about atomic spying.

"The book as a whole needs to be taken seriously," she said in an interview. "It sheds a lot of light on some of the secret operations of the Stalinist era. But this nuclear chapter appears to be based on gossip and hearsay. Its weakness is an absolute lack of documentary evidence coupled with errors of fact."

An example of an error, she said, was the book's treatment of Klaus Fuchs, a German scientist who came to Los Alamos from Britain and after the war confessed to being a Soviet spy. The book asserts that Dr. Oppenheimer — under the influence of two Soviet agents — took special steps to insure that Dr. Fuchs got into Los Alamos.

But Mrs. McMillan said it was well known that the British team went to Los Alamos "as a package." In all, some two dozen scientists traveled from Britain to the secret laboratory, high in the mountains of New Mexico.

Kevorkian Jury Candidates Take Quiz on Life and Death

The Associated Press

DETROIT — Potential jurors began writing down their thoughts on life and death Tuesday to help lawyers choose which of them should decide the case of Dr. Jack Kevorkian, who went on trial for helping a dying man commit suicide.

Dr. Kevorkian's attorney, Geoffrey Fieger, wants to know their religious, positions on abortion, and whether they believe assisted suicide is an "act of murder or an act of mercy."

Mr. Fieger and the Wayne County assistant prosecutor, Timothy Kenny, said it would take hours before the 66 potential jurors finished the 66-page questionnaires and the papers were photocopied and given to attorneys and the judge for review. Only then would questioning of the potential jurors begin.

Dr. Kevorkian has admitted that he helped Thomas Hyde, 30, commit suicide last summer. Mr. Hyde suffered from a degenerative disorder known as Lou Gehrig's disease. If convicted, he could be sentenced to four years in prison and a \$2,000 fine.

★POLITICAL NOTES★

Rostenkowski Asks Social Security Cuts

WASHINGTON — Representative Dan Rostenkowski, the chairman of the Ways and Means Committee, favors shoring up the finances of Social Security by reducing next year's cost-of-living adjustment, increasing the retirement age, trimming benefits for new retirees and raising payroll taxes in the 21st century.

Some of the proposals, standing alone, would provoke a political outcry. But the Illinois Democrat said that he hoped they would be acceptable as part of a comprehensive plan to preserve Social Security for future generations.

Some combination of changes like those he proposed has a good chance of passage, Social Security trustees said last week that unless Congress acted, the Social Security trust funds would run out of money in 2029, seven years earlier than projected last year. The trustees said that Congress should worry about the problem now, when the solution is relatively painless. Bigger changes would be required in later years if lawmakers deferred action, the trustees warned.

In opinion polls, young workers often say they doubt that Social Security will be available to them when they retire. Mr. Rostenkowski said his proposal would restore confidence in Social Security and guarantee the Treasury's ability to pay all promised benefits for at least 75 years.

Under his proposal, all Social Security beneficiaries, about 42 million people, would receive a smaller cost-of-living adjustment in January 1995. The increase was expected to be 3 percent, but the Rostenkowski proposal would limit it to 2.5 percent.

As a result, the average monthly Social Security benefit, now \$674, would rise to \$691 in 1995, rather than \$694. In the past, protests by elderly people have blocked proposed cuts in cost-of-living adjustments. (NYT)

Women in Senate Unite Against Admiral

WASHINGTON — In a show of solidarity, all seven women in the U.S. Senate lined up Tuesday against allowing Admiral Frank B. Kelso 2d to retire at four-star rank because of the Tailhook scandal that involved the sexual harassment of female naval officers.

They were given moral support by nine female members of the House, who entered the Senate chamber as the debate began.

The women said that giving the navy's ranking officer a full pension would endorse an attitude of condoning failures of leadership, since the harassment — at a naval aviators' convention in Las Vegas in 1991 — had taken place on the admiral's watch.

"What the women are saying is that the culture of the U.S. military must change," said Senator Barbara Mikulski, Democrat of Maryland. Despite the opposition, the Senate was expected to approve Admiral Kelso's retirement at four-star rank, entitling him to a pension of \$84,340 a year. "There's a fairly strong feeling that he should have the four stars," said the Senate Republican leader, Bob Dole of Kansas. "He's entitled to it, and I think he'll get it."

The Senate must approve all three- and four-star retirements. If it does not, the officer is returned to two-star rank. In Admiral Kelso's case, that would mean a loss of \$16,873 a year in his pension. (AP)

2 Senators Quit Race to Succeed Mitchell

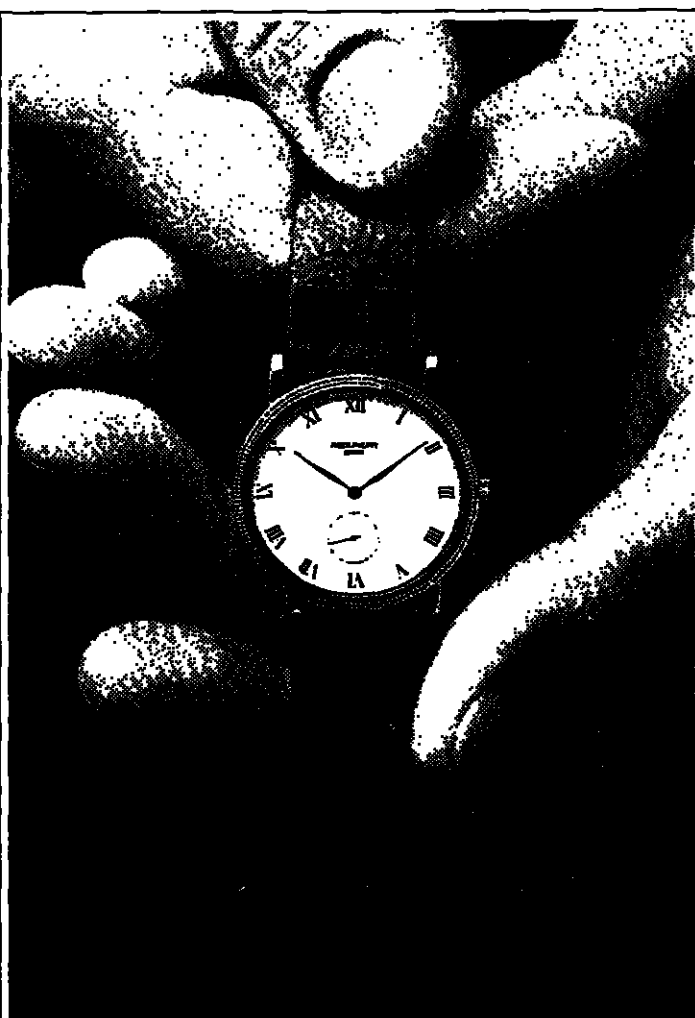
WASHINGTON — The race to succeed the retiring Senate majority leader, George J. Mitchell of Maine, narrowed further Monday as two Democratic senators, Harry M. Reid of Nevada and Patrick J. Leahy of Vermont, took themselves out of the running.

Mr. Reid endorsed Thomas A. Daschle of South Dakota for the job. Mr. Leahy said he could support either Mr. Daschle or Jim Sasser of Tennessee, who has said he is leaning toward joining the race and indicated he will make a decision shortly. (UPI)

Quote / Unquote

The evangelist Billy Graham at the hospital where Richard Nixon was being treated after a stroke: "He means a great deal to me. I preached at his wife's funeral in California. I have a great personal affection for him." (LAT)

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Yeltsin, Angry, Demands That Serbs Pull Out of Gorazde

By Michael Specter
New York Times Service

MOSCOW — Furious that despite all promises the Bosnian Serbs have continued their siege of the Muslim enclave of Gorazde, President Boris N. Yeltsin of Russia on Tuesday warned Serbian leaders to stop their assault or face the gravest of consequences.

"Despite all the efforts of Russia, the United Nations, and the world community," Mr. Yeltsin said Tuesday, "the conflict is on the verge of a very dangerous escalation. The leadership of the Bosnian Serbs should stop attacking Gorazde and leave the town."

He called for an urgent international summit meeting to discuss the situation.

Coming hours after a similar statement by his foreign minister, Andrei V. Kozyrev, the remarks were the most striking sign of a sharp new turn in a Russian policy that has tried to preserve its strong ties with Serbia without alienating the rest of the world.

For months Russia has tried to position itself as the one country capable of appealing to the Serbs, through diplomatic finesse and a history of friendship. Mr. Yeltsin has been under intense pressure from nationalists at home to support the Bosnian Serbs, and under equal pressure abroad to force them to stop their offensive.

"Serbian leadership must fulfill the obligation it has given to Russia," Mr. Yeltsin said Tuesday. "Stop the attacks. Withdraw from Gorazde."

He also insisted that the Serbs permit United Nations forces to enter the city.

None of that seemed likely on Tuesday, however. The Bosnian Serb leader, Radovan Karadzic, said that if North Atlantic Treaty Organization planes bombed his forces again the war would widen. In a sign of their resolve, the Serbs reclaimed anti-aircraft guns under United Nations guard in the cease-fire zone around Sarajevo.

"It would be a terrible escalation, a terrible war," Mr. Karadzic said. "If there are going to be any air strikes there is going to be a war. We will protect ourselves by all means."

The Russian newspaper Izvestia declared the actions of the Serbian leaders "a public slap in the face" to Russia and a "nightmare for Russian diplomats." In the Kremlin, which dispatched 150 paratroopers to replace Russians already stationed in the former Yugoslavia, the sense of betrayal and humiliation was intense.

Mr. Yeltsin has called a meeting of Russia's National Security Council at the Kremlin on Wednesday to discuss the worsening situation.

But even as he did so, rightist members of the legislature bitterly accused him of selling out Russia's historic allies to the West.

The Russians have tried desperately to solve the crisis because neither they, nor anyone else in Europe

or America, want to increase military force or engage ground troops in the region. There are other reasons as well. Russia has been eager to once again be regarded as a major international force, capable of resolving conflicts that nobody else can address.

Yet, Mr. Yeltsin, who has seen his room to maneuver at home shrink almost daily, cannot appear to have caved in to the demands and proposals of the West. The anti-American and anti-Western sentiment in Russia has grown too strong for that.

Still, Mr. Kozyrev on Tuesday agreed to a French proposal for a UN Security Council resolution that would condemn any Serbian seizure of Gorazde.

That and Mr. Yeltsin's call for a summit meeting have important implications, because many diplomats have argued that no peaceful solution can be found in the region as long as Serbian leaders are able to pit Russian, European and American interests against each other.

NATO Is Weighing A More Active Role

Some in Alliance Still Fear Becoming Mired in Combat

By Craig R. Whitney
New York Times Service

BONN — NATO officials on Tuesday began urgent consideration of a request by the United Nations secretary-general to authorize air strikes in defense of UN "safe areas" in Bosnia, with the allies divided on a step many of them fear would make NATO a combatant in the war.

With one previous strategic success — forcing an end to the siege of Sarajevo by Bosnian Serbs — NATO military planners in Brussels began considering whether allied air power could destroy or force withdrawal of Serbian tanks, artillery pieces and mortars from Gorazde and the five other safe areas.

Officials with the North Atlantic Treaty Organization said it was doubtful that the study would be completed in time for ambassadors from the 16-member countries to decide on an answer to Secretary-General Boutros Boutros Ghali's request at their regular weekly North Atlantic Council meeting on Wednesday.

U.S. bombers under NATO command attacked a Serbian tank and other targets as the Serbs pushed into Gorazde last week, not to prevent them from taking territory but at the request of UN troops who asked for the air strikes to protect them.

Mr. Boutros Ghali's request for authorization of NATO air strikes to protect the mainly Muslim refugees in the safe zones, if he requests them against Serbian tanks, would take the alliance's involvement a step further.

"What the UN is asking us to do is to act against artillery pieces, mortars, or tanks in protected areas which UN forces there determine are responsible for attacks on the zones," a NATO official said. "Obviously, it will be very difficult to determine where they are and to coordinate with the UN to call in strikes against them, and the military are now looking at the possibilities."

In the NATO capitals, where the real decisions are made, the allies are split about the wisdom of taking the next step down the road towards direct military involvement to stop a war that has made the alliance appear impotent in the face of Serbian aggression in Gorazde.

The British, with more than 3,000 troops in the lightly armed UN humanitarian force in Bosnia, remain the most skeptical because

of fears that the soldiers could become Serbian hostages in case of NATO air attacks, as in fact some of them did in Gorazde last week.

Some British officials are also growing increasingly critical of the Clinton administration's reluctance to become involved on the ground in Bosnia until after a peace settlement is reached.

The British defense secretary, Malcolm Rifkind, said, "Some have had quite unrealistic expectations about what can be achieved by the use of air power alone or by ground forces that are not equipped or organized to operate in a combat role."

The French, with more than 4,000 troops in Bosnia, support the UN request for broader use of NATO air power, according to a spokesman for the Foreign Ministry in Paris. President Francois Mitterrand on Monday discussed the situation in Bosnia with President Bill Clinton by telephone.

France's Foreign Minister, Alain Juppé, has also called for simultaneous intensified diplomatic coordination by American, Russian, and European Union negotiators in Washington to define a common position and push the Serbs, Croats, and Muslims toward peace.

"We support a carrot and stick approach," a French spokesman said, "with the threat of air strikes and the carrot of progressive lifting of international economic sanctions against the Serbs if they agree to peace."

The United States and France persuaded their NATO allies in February to issue a 10-day ultimatum to the Serbs to withdraw heavy weapons from a zone around Sarajevo. But they remain divided on the wisdom of talking about possibly lifting sanctions at a time when the Clinton administration believes the Serbs have done nothing to deserve relief.

Germany, which supported the NATO ultimatum in Sarajevo, is far more reluctant about extending the threat of violent intervention to other safe areas.

A German spokesman said that Chancellor Helmut Kohl told President Boris N. Yeltsin of Russia by telephone on Tuesday that "every effort should be made to put an end to bloodshed in the region and bring about a lasting peace."

In telephone talks with Mr. Clinton, Mr. Kohl also emphasized the need for political solutions over intensified military measures, the spokesman said.

CLINTON: Changing Options

Continued from Page 1

tic Treaty Organization. But in a television interview Tuesday, President Clinton gave no hint that he preferred a more aggressive approach.

The president welcomed as "very important" and "positive" a call Tuesday by President Boris N. Yeltsin of Russia for Serbs to halt their offensive around the city of Gorazde.

Mr. Clinton and his senior military and foreign policy advisers were among a number of officials in New York at the United Nations, in Brussels at the headquarters of NATO and in European capitals, including Moscow, who were seeking a fresh, coordinated approach on Bosnia.

Reacting to Mr. Yeltsin's call for summit talks on Bosnia by the Western powers and Russia, Mr. Clinton recalled that he had termed a similar recent proposal "premature."

According to some accounts, the Boutros Ghali letter was issued with the concurrence and encouragement of the U.S. envoy to the United Nations, Madeleine K. Albright, who attended high-level staff meetings on Bosnia on Monday in Washington. But Mr. Boutros Ghali's spokesman said Tuesday it was sent on his own initiative and was meant as a test of NATO's "political will."

The letter, according to Reuters, asks NATO to decide, at the earliest possible date, to launch air strikes, "against artillery, mortar positions or tanks in or around" six mostly Muslim enclaves designated as safe areas. Previously, UN commanders have said they were calling in air strikes only to protect UN peacekeepers.

NATO's governing body, the North Atlantic Council, was scheduled to meet in Brussels on Wednesday, and it was unclear whether Britain, France and other allies with peacekeeping forces in Bosnia would support more forceful air strikes. In the past, they have pressed the United States to send its own ground troops to Bosnia to assist in peacekeeping, but Washington has refused.

Nor was it clear whether Russia would continue to object to air strikes, despite its embarrassing failure to win a true cease-fire from the Serbs at Gorazde.

Some U.S. officials, while they maintain that punishing air strikes are needed, say they doubt that anything can be done now about the stranglehold on Gorazde that Serbian fighters appear to be tightening.

The continued defiance of UN mandates by the Serbian military at Gorazde and elsewhere in Bosnia has sparked a major policy debate in Washington, with a number of leaders in Congress, Republican and Democrat, calling for stronger U.S. leadership and Western action.

But there was little unanimity on options open to the West. Some called again for a lifting of the UN arms embargo on all of the former Yugoslavia. Others backed air strikes. Some maintained that the United States has no more strategic interest in Bosnia than it does in Rwanda, for example.

The frustration of Representative Lee H. Hamilton, a normally cautious Indiana Democrat who is chairman of the House Foreign Affairs Committee, typified the reaction of many congressmen.

"I think almost certainly you have to have a more robust reaction by NATO and the United Nations here," he said Tuesday in an interview. "There's been a real humiliation of both organizations, and we simply cannot take the kind of brutality that we have seen from the Serbs in Gorazde without some kind of response."

Just before the initial White House meeting, Bosnian Serbs stormed an arms depot in Sarajevo and seized 18 anti-aircraft guns from UN peacekeepers.

BOSNIA: Serbs Retake Weapons

Continued from Page 1

that the 30 or so French soldiers guarding them were unable to resist the superior force.

Other UN sources said that the French troops had wanted to resist but were ordered to stand down.

An officer at UN military headquarters in Bosnia said the United Nations had been angered by the Serbs' action, which was the first time weapons had been seized from collection points.

Prime Minister Haris Silajdzic of Bosnia said the Serbs' action showed they had been emboldened by the failure of NATO to carry out further air strikes around Gorazde.

"They are encouraged by the lack of NATO reaction and by the way some countries have looked the other way," he said, calling for more air strikes against the Serbs.

The seized weapons were among those surrendered to UN control, under threat of NATO air strikes, as part of an agreement in February to remove heavy weapons from around Sarajevo or place them under UN supervision.

Officials of the UN High Commissioner for Refugees in Geneva said they had lost communications with their Gorazde office during shelling and were not sure of the fate of the staff there.



French troops waiting Tuesday at Sarajevo for orders to move out to protect the UN-mandated "safe area" in Gorazde.

Negotiators Seek to Reopen Peace Talks

Agence France-Press

GENEVA — The co-chairmen of the peace conference on the former Yugoslavia, Lord David Owen and Thorvald Stoltenberg, are due in Moscow on Wednesday to seek Russian support to reopen negotiations, Lord Owen said Tuesday.

The European Union mediator said he and his United Nations colleague were also prepared to travel to Washington to pursue similar efforts there.

Lord Owen said that the European Union's Foreign Affairs Council "is not prepared to let the diplomatic negotiating round go on to the point where it must proceed," he said.

He stressed that the longer new negotiations were delayed, "the more we see instances like what happened in Gorazde," the Muslim enclave in eastern Bosnia that was poised to fall to Bosnian Serb forces.

"We are outraged, as it appears beyond a doubt that we are being targeted despite assurances from the Bosnian Serb leadership," said Ron Redmond, a spokesman for the UN refugee agency.

The main hospital in Gorazde also took direct hits.

"The roof of the hospital is completely destroyed," said Dr. Renald Fockert of Doctors Without Borders, in Brussels, after talking to the organization's team in Gorazde.

The hospital is on the south side of the Drina River, which divides the town. Serbs are believed to control that area after a 20-day offensive.

About 200 shells hit in or on the edge of town before noon Tuesday, said a spokesman for the UN refugee agency.

The Yugoslav press agency Tanjug said that Serbs had repelled a major Muslim assault in northeastern Bosnia on Monday. Similar reports preceded the offensive on Gorazde, which Serbs have maintained is a defensive move.

Croatian radio said that Serbs had shelled Muslim-Croatian areas near Brcko and were reinforcing local positions. (Reuters, AP)

BLUFF: Serbs Testing the West

Continued from Page 1

as in Srebrenica or Sarajevo, have been merely tactical.

In contrast, the objectives of the Clinton administration and its key allies, France and Britain, have been far from clear or constant.

Beyond averting NATO attacks, the goals of the other major outside player, Russia, have also been murky. All have nominally worked together to end the war, but none have decided that the Serbs must not be allowed to succeed.

Serbia, the arms patron of the Bosnian Serbs, has become a kind of new 19th-century Prussia, with a single-minded intention to expand. Its geopolitical aim would be familiar to Bismarck, but apparently he would not have been so successful.

The administration has periodically blamed Europe for being unwilling to take tougher steps.

Britain and France, both with peacekeeping troops in Bosnia, have been unwilling to pick up the moral cudgel waved by Washington and have little interest in Bosnia other than promoting stability.

Both fear getting more involved in the war on the ground and neither wants to be seen backing the Muslims.

Washington has also been sensitive to Russia's protective attitude toward the Serbs, fearing a renewal of hostility with Moscow.

DEAL: For Some Argentine Investors, Being Friends With Citibank Paid Off Handsomely

Continued from Page 1

U.S. banking regulators to sell some of the stock because such long-term investments in industrial companies are inappropriate for a bank. But Washington regulators say that Citicorp had several years to act; whatever deadline the bank imposed was its own.

By the time the get-rich-quick plan was in place in Argentina, Citibank employees who caught wind of it complained to Citibank auditors and the Securities and Exchange Commission in the United States, accusing the bank of cozy insider dealings and pressuring for an investigation. The SEC, as is its

habit, will not comment on whether it is pursuing one.

Like many in Citibank's global fraternity of bold risk-takers, Mr. Handley had an eye for a good bet. Faced with nearly worthless Argentine government bonds, he shrewdly decided to trade the bonds when the government stopped paying interest on them for stock in several corporate giants, including a natural gas pipeline, an electric utility and a phone company.

Two years ago, when Citicorp troubles mounted from bad real-estate loans in America, Mr. Reed called for corporate jewels he could pawn for cash to strengthen the bank's books.

That is when Citicorp decided to sell stock in the investment company known as Citicorp Equity Investments S.A. The stocks that Mr. Handley had accumulated had risen in value thanks to a government initiative to sell the state-run companies to investors.

But Mr. Handley said that finding buyers fast for Citicorp's investment company was hard, especially after the Argentine stock market began a 64 percent fall in mid-1992 and investors backed away.

That's when Mr. Handley turned to his wealthy business associates, including George Soros, who has been a major investor in Argentina. In a series of five separate sales, Citibank Argentina unloaded 60 percent of its investment company and raised a total exceeding \$400 million.

But two of the buyers were lawyers in the bank and protégés of Mr. Handley: Gilberto Zavala and Marcelo Gowland.

Before joining Citibank Argentina, Mr. Gowland, 38, was a lawyer for several small financial institutions and the attorney to see for a plot in one of the city's best cemeteries.

Mr. Zavala, 37, had worked in New York for the law firm Shearman & Sterling and was a specialist in working out problems with Argentina's government debt.

"No matter how you explain it away, this is a very, very sweet deal for these young kids," said one Citicorp official. "They didn't put up a penny of their money, and they are instantly among the rich in Argentina."

Other critics say the fast profits for the buyers prove that the bank sold its stock for too little money. If only Mr. Handley had held off a year, they say, Citicorp shareholders could have made an additional \$500 million, or about double what it collected, based on today's stock prices.

The relationship between Mr. Handley and Mr. Reed says a lot about how this deal sped through the Citicorp bureaucracy, associates say. In Mr. Handley, Mr. Reed recognized the competitive, innovative instincts that helped put Mr. Reed at the top of one of the world's largest banks 10 years ago at the age of 45.

Mr. Handley, 50, is also smart, and politically well-connected in a country where that means everything for a foreign bank.

In the bank, Mr. Handley got what he wanted from Mr. Reed. "There was always the feeling that the chairman was going to say yes to practically anything Dick asked for," one former Citibank executive said.

As Argentina and other Latin nations quit paying interest on their debt in the '80s, Mr. Handley watched as more than \$1 billion in Argentine bonds he held sink in value to pennies on the dollar.

That was when he hit on the idea of taking stock in Argentine monopolies in exchange for loan payments. Carlos Saadi Menem had just become Argentina's president and the new administration talked of opening the country to foreign investment and unleashing state-run companies to compete.

With that prospect, Mr. Handley initiated his strategy of buying stock in government-controlled companies.

There is some disagreement between Citibank and U.S. bank regulators over where the pressure originated to sell the Argentine stock holdings. And that conflict has raised important questions about whether the sales had to be rushed.

In any case, a timetable was established with the U.S. regulators to begin selling chunks of Citicorp Equity Investments within months. By June 1992, an additional 38 percent within six months and all but 40 percent of the company by 1997.

But questions cropped up. Would not the bank get the best price if it conducted competitive bids? Was there a conflict of interest if Mr. Handley's handpicked legal team of Mr. Zavala and Mr. Gowland was negotiating the prices with buyers who were Mr. Handley's friends? Wouldn't there be yet another conflict if Mr. Zavala and Mr. Gowland wound up owning stock in the company, too?

"There was no one looking out for the interest of the Citicorp shareholder," said one former senior official. "The people who were buying the asset were also selling it and in the end were also buying it."

Hussein Leaves for Britain

Resters

AMMAN, Jordan — King Hussein, 58, left Tuesday for a private visit to Britain during which he will have an operation for a perforated left ear drum, officials said.

JUNE 1994

15 WEDNESDAY 16 THURSDAY

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Hussein Leaves for Britain
Resters
AMMAN, Jordan — King Hussein, 58, left Tuesday for a private visit to Britain during which he will have an operation for a perforated left ear drum, officials said.

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Bosnia Disaster

International Shame

The events of the weekend in Gorazde could yet become a defining point of the post-Cold War era. At this refugee-swollen, mostly Muslim town in eastern Bosnia, the idea of international responsibility is reeling under successive devastating blows. A year ago the United Nations designated Gorazde a "safe area." Nonetheless, Bosnia's Serbs attacked. A laggard United Nations finally called in two NATO air strikes. The Serbs further probed the allied will. This time the United Nations, after losing one plane, opted for a cease-fire. Pretending to accept it, the Serbs at once violated it. Incidentally, the United Nations did nothing. NATO did nothing and the United States did nothing.

On Monday, Serbs, continuing to embarrass even their Russian patrons, were toying with the agonized city. The fate of Gorazde, designated a safe area by the United Nations and then allowed to be overrun, will be remembered as a source of international shame.

For the world body, humiliation is near complete. The Security Council had originally dispatched forces to protect relief convoys and to defend themselves. Not by resolution but by reality, the council also took on the mission of protecting Bosnians. But it failed either to provide extra resources on the ground to accomplish this more demanding task or to anticipate the extra political support it would need to sustain it. In the weekend crisis, the Serbian advance was so relentless that the United Nations determined—an arbitrary judgment producing a bizarre rever-

sal—that it could protect its own forces only by abandoning the Bosnians. At virtually every point it yielded to the still rampaging and unrepentant Serbs. In short, the Serbs called the United Nations' two-air-strike bluff, and the United Nations folded.

President Bill Clinton has backed off in Haiti, in Somalia and now, not for the first time, in Bosnia. Positioning himself as the pawn of a self-driven international machine, he has abdicated what ought to be a great power's serious effort to win, first, the American people and then others to policies of American design. His expectation of low public support for air strikes has become a self-fulfilling prophecy. His renewed suggestion for lifting the discriminatory arms embargo on Bosnia is delivered simply and to no effect. His complaints of Serbian duplicity carry no resonance. As Gorazde shudders under point-blank Serbian shelling—a war crime, by the way—he flees Washington for a rally of Mustang owners.

There is plenty that Washington could do. It could summon America and others to a sense of the immense rolling costs of international default on promises to support a victim state. It could stand up to the Serbs and insist that NATO, to counter the siege of "safe areas," pick from a list of Serbian military targets extending well beyond Gorazde. It could convey that Serbia's postwar place, including escape from sanctions, hinges on its respect for international norms. Only in such ways can President Clinton's foreign policy approach and team gain the credibility they have dismally lost.

—THE WASHINGTON POST.

Lift the Arms Embargo

The battle for Gorazde leaves no one covered with glory. The Serbs now have the city at their mercy, but their duplicity and blood-thirstiness have disgusted the world. NATO and the United Nations have been ignored and humiliated. And Russia, despite its supposed clout with the Serbs, is as powerless as everyone else to hold them to their word.

What next? NATO and the United Nations have several choices. They can continue with their ineffective efforts to protect the six safe havens designated by the United Nations last year, a course almost certain to fail. They can escalate the conflict by attacking Serbian positions elsewhere, inviting wider war on the ground and in the air. They can withdraw, exposing Bosnian Muslims to even more cruelties. Or they can keep their forces in place but lift the arms embargo on Bosnia, giving the Bosnian government a fairer chance to defend itself from Serbian attacks.

Lifting the arms embargo—not unilaterally but by UN vote—would be a symbolic step in the right direction. Russia and perhaps Britain and France might resist such a move, as they have in the past, but the Clinton administration should make an all-out effort to change their minds.

The current situation, with Bosnian Serb armies advancing at will punctuated by pinprick NATO air strikes, is untenable. Every day NATO forfeits credibility without protecting the Muslims or fostering peace negotiations. Instead the Serbs have used the air

strikes as an excuse for waging war against the United Nations itself, seizing peacekeepers and firing at NATO planes.

One option being discussed is UN withdrawal and an end to NATO air cover. That would be a loss. While the United Nations has not stopped determined Serbian advances, it does some good at the margins, opening supply lines and pushing back military feints.

Another option would be heavy NATO air strikes against Serbian positions elsewhere, including vulnerable supply lines. The objective would be first to force a pullback in Gorazde, and then an overall peace settlement. One practical problem is that NATO is unlikely to master the Serbs with air power alone. More decisively, NATO members are unwilling to launch a wider war.

That leaves lifting the arms embargo, a step now supported by several U.S. senators as a way to respond forcefully to the Serbs without risking American lives. The arms embargo, although nominally extending to all of the former Yugoslavia, has in practice hurt mainly the Bosnian government. But the United States should not unilaterally violate an arms embargo imposed by UN vote.

Russia or any other permanent member could veto a resolution to lift the embargo. That should not stop the United States from making the maximum effort to win their support, including a UN speech by President Bill Clinton himself. It is hard to see what else the United States might try that would not risk doing more harm than good.

—THE NEW YORK TIMES.

A Muddle in Ukraine

Shrugging off predictions of apathy, Ukrainians turned out by the millions this month to vote in the independent republic's first free parliamentary elections. They gave scant support to paramilitary extremists, but 118 Communists and their allies won seats, as did 35 of their moderate nationalist opponents. Reform-minded centrists fared poorly.

The election could lead to further polarization between a western Ukraine, eager to join Europe, and eastern Ukraine, which talks about rejoining Russia. And it left a muddle in the middle of the 450-seat parliament, newcomers with no known party loyalty who could stampede to either pole.

The political and economic disarray in Ukraine manages to make Russia look good—especially to the 16 million ethnic Russians who live in Ukraine. Russians in eastern Ukraine gave strong backing to the Communists and their Socialist and Peasant Party allies, who advocate a state-run economy and renewed ties to Russia. Meanwhile, nationalists polled well in western Ukraine, especially in rural regions that did not become part of the Soviet Union until World War II.

There may not be much in between. Supporters of former Prime Minister Leonid Kuchma, who eschewed nationalism to press for economic reforms, won few seats. The election results were also a rebuff to President Leonid Kravchuk, who drove a hard bargain with Washington and Moscow for economic help in return for nuclear disarmament.

To Washington, which wants Ukraine to yield its nuclear arms and begin economic reform, and to neighbors who want it to be a stable buffer with Russia, Ukraine's election may be unsettling. To some in Moscow, the results may suggest a chance to meddle. But any effort to ignore the vote or suborn Ukraine's independence could unsettle more than just Ukraine itself.

—THE NEW YORK TIMES.

Other Comment

Sharp Knives Around Yeltsin

The Zhirinovsky phenomenon has become a lightning rod for the pent-up frustrations and difficulties the Russian people are facing. But President Boris Yeltsin's major problems remain unresolved. In order of priority, they are the building of a national consensus and getting on with economic reforms. The first will determine the president's own political future in an atmosphere supercharged with his adversaries sharpening their knives.

[Vladimir] Zhirinovsky, the far-rightist leader, remains an oddity and seems to have served his historical purpose by warning Mr. Yeltsin of the dangers of following a slavishly pro-American policy. The former vice presi-

dent, Alexander Rutskoy, has already begun his campaign to wrest the presidency from Mr. Yeltsin in 1996, while the prime minister, Viktor Chernomyrdin, seems to be biding his time, should the president stumble and fall. The acuteness of the economic hardships faced by a large number of Russians will influence the outcome. But the greatest stumbling block for Mr. Yeltsin remains his limitations in forging a consensus. His only hope is to appeal to the people over the heads of fractious politicians and parliamentarians.

Beset as most Russians are with the daunting problems of making ends meet, they could be persuaded to give Mr. Yeltsin the benefit of the doubt—inasmuch as they do not see a better alternative.

—Khaleel Times (Dubai).

As South Africans Trade Places, Please Keep Watching

By Nataasha Mostert

SOMERSET WEST, Cape Province — The Crossroads and Khayelitsha squatter camps lie just beyond Cape Town's D.F. Malan Airport. Over the years, they have ever edged closer to the N2 highway, and here and there litter from thousands of tin shacks cascades onto the road. The southeasterly wind blows some of it against wire fences.

From afar, it makes an eerily beautiful picture with the sunlight glinting off hundreds of pieces of plastic.

Now and then, the desperately poor residents of the camps throw rocks at passing cars, which are driven mostly by middle-class white South Africans. Ndoda Ngemuntu, a 17-year-old spokesman for the South African Students Congress, believes that attacks on the drivers of "capitalist vehicles" are necessary: "They have influence over the economy. They are the enemy."

On April 28, the balance of political power will shift from those driving to those who live in the sad, lopsided shacks. But it is unlikely that the stone-throwing will stop. When driving from Cape Town to my home in Somerset West, 45 kilometers away, I'll still keep my car in the fast lane.

It is of little comfort that Harry Gwala, leader of the ANC in Natal, is reported to have said that only cars worth more than 20,000 rand (about \$5,500) should be singled out. This edict does not put my six-year-old Volkswagen Golf out of harm's way.

It is true to be a South African. If you are an Afrikaner, as I am, the guilt and resentment never leave you. Guilt, because you belong to a people who created a vicious system. Resentment, because even with a collective history of 342 years on the continent,

you are still considered a settler. Life here has a surreal quality. Turn on the television and you may see 40,000 Zulus marching in support of their king, Goodwill Zwelithini, their spears and clubs reflected in the glass facades of the cool, corporate towers of downtown Johannesburg.

Open a paper and you are confronted with a photograph of white women scrubbing the statue of a Boer War hero with soap and water because

There are signs that the ANC may be borrowing the kinds of unsavory tactics associated with the minority government.

ANC supporters "defiled" the statue by climbing onto it during a rally. South Africans are intensely preoccupied with themselves. For years, the world has seemed similarly fascinated by our problems.

Our agony is a part of African popular culture. It has found expression in anti-apartheid T-shirts and in the sly wit of a Doonesbury cartoon. Perceived analogies between the South African conflict and the civil rights struggle in the United States make Americans think they know us.

They are excited about South Africa's elections, which are a shining confirmation of America's stated foreign policy goal: the expansion of democracy and human rights.

Nelson Mandela, unjustly impris-

oned for 27 years, will become president of a new nation. It is impossible not to be touched by the poetic justice of this story. I myself am moved by the ANC's exuberant campaign slogan: "Our Time Has Come."

But the United States should remain vigilant, because there are signs that the ANC may be borrowing the kinds of unsavory tactics usually associated with the ruling minority government. Many South Africans were troubled, for example, by the ANC's actions in the aftermath of a protest rally by Inkatha Freedom Party supporters in downtown Johannesburg on March 28. No one is sure how the shooting broke out, but witnesses say snipers were firing at the Zulu marchers from a window of the ANC's headquarters.

When the police arrived with a search warrant, Mr. Mandela personally prevented them from entering the building. Asked at a news conference whether his actions should be seen as a precedent for the way a future ANC government would treat political opponents, Mr. Mandela replied dismissively that he did not have time for "esoteric" questions.

Such evasiveness is not unusual. In December, the Star in Johannesburg reported on secret memos obtained from the ANC's Department of Intelligence and Security, detailing plans for the infiltration and surveillance of rival organizations. The ANC's explanation? It is only concerned about ensuring a peaceful transition, not about grabbing power.

Whatever one makes of the sincerity of that statement, the fact remains that such tactics were once the hallmark of

a secret, all-powerful Afrikaner organization called the Broederbond. Also in question is the ANC's commitment to an unfettered press.

Under apartheid, the state-funded South African Broadcasting Corporation, which controls three of the country's four television channels, including all of its news programs, was run largely by Broederbonders and National Party sympathizers. Now, under more pluralistic management, the corporation is experiencing a "Prague spring," but its independence may be at risk once again. The ANC has appointed three high-profile supporters to top positions.

As a senior news producer told the Sunday Times of Johannesburg in December, "It's the same as in the past when you had to be a [National Party member] or Broederbond to get a top post. Only the color has changed."

Equally troubling is the ANC's apparent inability—or unwillingness—to discipline its radical wing.

The ANC has condemned the government for its alleged support of rogue police officers—the so-called "third force"—who are accused of fomenting political violence between rival black factions. It has been more subdued about the activities of the "self-defense units," armed gangs of vigilantes who terrorize those who do not support the ANC.

In a BBC radio interview in January, a member of a self-defense unit admitted to killing the "enemy" like "chickens" because they "do not understand the will of the people."

ANC leaders have condemned that statement, but last year they also condemned Peter Mokaba, former head of the ANC's Youth League, for his

slogan "Kill the Boer," and distanced themselves from Winnie Mandela, torchbearer of the militant cause. Mr. Mokaba is now likely to become the next minister of tourism and Winnie Mandela has been elected president of the ANC Women's League, making her the most powerful woman in South African politics.

In his whirlwind overview of international problems during his State of the Union address in January, President Bill Clinton promised to "stand by" South Africa during its transition. We are of course grateful, but we fear that he will not put pressure on a government led by an icon like Nelson Mandela, and that, anyway, the United States has had enough of African adventures.

After the last vote has been counted, South Africa will face overwhelming problems. The rage that drives camp residents to hurl stones at cars on a highway will not just go away.

But our biggest challenge will be to keep the world interested once many of the journalists covering the elections have gone home and the near black-and-white checkerboard of South African politics has dissolved into a messy swirl of unpredictable alliances and tribal loyalties.

During the apartheid years, South Africa was plagued by evil. My children, I hope, will not live in an environment as destructive. To a large extent, our future depends on whether South Africa becomes just another forgotten place on a forgotten continent. So wish us well. But more than that, keep in touch.

Nataasha Mostert, a South African writer, contributed this comment to The New York Times.

Bosnia: An Emerging Russian View Might Want War to Go On

By Frederick Bonarrat

BRUSSELS — In apparent high dudgeon about failure to be consulted before the recent air strike in Gorazde by NATO aircraft, the Russian leadership has now put in doubt Russia's adherence to NATO's Partnership for Peace. Foreign Minister Andrei Kozyrev has called off his Brussels visit, planned for Thursday, when it was understood that he would sign on to the Partnership.

In fact, consultation about this air strike was superficial. Necessary discussions had taken place long ago at the United Nations, where Russia, together with the other members of the Security Council, had passed Resolution 856, mandating Secretary-General Boutros Boutros Ghali to authorize air support for UN forces in Bosnia when required. No NATO nation was consulted before the recent air strike. The Russians are well aware of this.

Moscow's move could signal a fundamental change in Russia's relationship with the West. As it becomes increasingly evident that Western assistance will not solve the country's problems, Russian leaders may see in the current situation an opportunity to regain great-power status.

In this vision, the Partnership for Peace relationship with NATO is of minor importance. After all, it is not strictly a treaty but a

general agreement to cooperate in specific areas, such as peacekeeping and humanitarian activities, as well as restructuring the military-industrial complex and ensuring democratic control.

Instead, President Boris Yeltsin has called for a bilateral relationship with NATO that places Russia on an equal basis with the whole of the alliance. Russia could then be seen as the leader of a large group, such as its Commonwealth of Independent Nations, cooperating with an alliance led by the United States. It would, ideally, like to have this relationship defined in a treaty, with formally declared rights and duties.

This vision is clearly chimerical. Apart from the difficulty in international law of NATO making treaties with sovereign states, the alliance is not a group of countries under American domination. Nor, presumably, would all members of the CIS be willing to accept Moscow's leadership. But this vision is consistent with a possible new Russian view of the world.

In this view, the West is inherently weak. The NATO countries enjoy overwhelming political, economic and military power but failed

to use it in the Yugoslav war—which they could easily have stopped at the outset. They have hesitated and vacillated ever since. Alliance military power evidently was respected when it was engaged, but it was never pressed home. NATO is thus losing the respect not only of the Bosnian Serbs but of other parties.

For Russia, this could provide an opening to regain influence and power. Moscow sees its former satellites rushing to Brussels to join the Partnership for Peace. Most have expressed the hope of becoming full NATO members. Yet NATO talks about enlargement only as a distant possibility. If the East and Central Europeans continue to be disappointed, they might look to Moscow again to secure their rear.

The test of this analysis lies in Russia's attitude in the Yugoslav conflict. Having initially put its name to a number of increasingly menacing Security Council resolutions aimed at stopping the war, and saying it would be willing to use troops to enforce them, the Moscow leadership now condemns such action. But Russian officials have been active behind the scenes. They intervened in Sarajevo and obtained the withdrawal of Serbian heavy weapons. Several cease-fires can be claimed as their achievement, even if, as in Gorazde, these were later broken. Despite the Russians' sym-

pathy for the Serbian side, they have maintained a position of benevolent neutrality.

The logical conclusion is that it is in Russia's interest for this war to continue. The longer it goes on, the more dependent the Serbs will become on Russia, and the more disappointed their opponents will become with NATO. U.S.-Russia relations would cool, but the current Russian leadership might be willing to live with this. Many Russians would approve; and Russophile parties in the former Soviet sphere of influence would be heartened. The overall result: a weakening of the West and a corresponding strengthening of Russia.

Of course, many responsible Russian leaders would oppose this. In any case, the game apparently is being played cautiously. Although the Kozyrev visit to NATO headquarters has been canceled, that of Defense Minister Pavel Grachev has been confirmed for May 24. He will brief NATO defense ministers on Russia's new military doctrine. His words are sure to be heard with great attention.

The writer is editor of NATO's Sixteen Nations, an independent military journal published in Brussels. He contributed this comment to the International Herald Tribune.

In Singapore, Unusual Law Doesn't Bring About Unusual Order

By Philip Bowring

HONG KONG — Debate over the likely caning in Singapore of the American teenager Michael Fay is being conducted through an American prism. It has been sidetracked into one over the causes of and solutions to America's own urban crime problems. The caning question should be left where it belongs—in its Singapore social and political context.

What does it say about how Singapore is run, and about the state of civil rights in this city-state, host to U.S. military facilities and an Asian base for multinational corporations?

Singaporeans may reasonably feel that it is not the business of the United States, or anyone else, to lecture them about what constitutes a cruel and inhuman punishment or one unfitted to the crime. This form of punishment cannot be described, as Singapore tries, as part of an Asian value system. Its origin is more British colonial—although only for violent crimes—than Asian and it is

used in very few other Asian countries. Singaporeans and non-Singaporeans alike may reasonably feel that intervention by a present and a past U.S. president in the case suggests that American citizens expect to be treated more leniently than anyone else in Singapore. This attitude, with its racial undertones, has lit a chauvinism that has been fueled by the government-controlled press.

But foreigners might be excused for being unaware that behind Singapore's clean, green, efficient, well-ordered image is a system which, I think, is much by far as bad as any example. Nor is it exceptionally crime-free as a result of often draconian punishments. Certainly, and especially for expatriates and middle-class Singaporeans, life is generally safe and officials are uncorrupt. But the background of strong-arm tactics is clear enough.

There are some 1,000 canings a

year, according to official figures as cited by The Straits Times. Judging by available statistics, Singapore has had, over the years, the highest prison population per head of population in developed Asia.

It details without trial (according to the then home affairs minister, S. Jayakumar, in 1992) a thousand alleged "hard-core gangsters"—in a population of just 2.8 million. It makes use of the death penalty against drug runners even of low rank. In many instances sentences are mandatory, giving judges little discretion in evaluating degrees of seriousness.

Despite all these stringent laws, Singapore is not extraordinarily crime-free. It may be compared to big U.S. cities but not to many other Asian countries and much of Europe. For example, both its homicide rate and its overall crime rate are on a par with supposedly free-wheeling Hong Kong. According to United Nations figures,

it has far more murders per head than Australia or South Korea, both highly urbanized societies.

Its robbery incidence is half that of Hong Kong. It is far ahead of Japan on all crime counts. Japan, interestingly, has a low crime rate despite its degree of urbanization, and is lenient toward minor offenders.

Comparative crime statistics are influenced by definitional and cultural differences, but they indicate clearly enough that for the average Singaporean his city is awfully safe.

Despite the death penalty it is only relatively drug-free. In the first three months of this year, 54 alleged drug traffickers and pushers were arrested. Singaporeans also continue to be implicated in overseas drug operations.

In the Fay case, the accused has claimed that he was forced to confess after being physically abused during six days of interrogation. His father alleges that he agreed to plead guilty after being assured that he would not be caned. It is not possible to comment on the truth of these assertions.

However, it is beyond doubt that Singapore has a long history of show trials, mostly of political dissidents, such as Catholic social workers, and journalists. The pattern has been for persons to be arrested under the Internal Security Act, which provides for detention without trial, and to be subjected to long hours of interrogation in ice cold rooms and released weeks or months later when they confess to being "Marxists" or to "helping the Communist cause." As in China, confessions to obtain release are a fact of life in Singapore.

This use of the legal system for political purposes has made life very uncomfortable for opposition figures,

notably J. B. Jeyaretnam, who had to pay large fines as a result of libel actions and was imprisoned and deprived of his parliamentary seat. Not surprisingly, although Singapore remains a parliamentary system with regular elections, the opposition competes on a very uneven playing field, the ruling People's Action Party using all the levers of government to ensure its continued hold on power.

In practice there is much less debate and diversity than in neighboring Indonesia, which in many Western eyes is under quasi-military dictatorship.

Now Senior Minister Lee Kuan Yew travels the world lecturing other countries on how to behave, while criticism of him at home seldom rises beyond whisper level.

Father figure he may be, but there is an element of the Great Leader cult in the mix of awe, fear and reverence with which he is treated. Abroad he is fawned upon, particularly outside Asia by those who believe that he represents all things Asian. With his articulate and blunt speaking, he puts Singapore on the map and deflects attention from its domestic arrangements.

Economically, Singapore is a success story—but no more or less so than Hong Kong. Socially, it appears calm and contented, although quite what repressed emotions lie beneath the surface is hard to say. Its political system, allied with a draconian criminal justice system, may be what the majority of Singaporeans want. But if Americans and others want to consider the significance of the Fay case for them, they need to look at Singapore's system of authority.

International Herald Tribune.

Domestic Tranquillity Is a Basic Right

By A. M. Rosenthal

NEW YORK — "Every law-abiding American, rich or poor, has the right to raise children without the fear of criminals terrorizing their lives."

President Bill Clinton said that the other day. The constitution says the same thing in different words—those phrases in the preamble about the government ensuring domestic tranquillity and promoting the general welfare.

But every law-abiding American, rich or poor, knows that the right to live without terror is so massively violated every day that the domestic tranquillity of the nation, its general welfare and the government's ability to guarantee either are all being destroyed.

The criminals among us know it too—none better. They can get the weapons of their trade for the asking, plus a few dollars. They know that then they can kill, maim and rob with the chances against their being arrested and tried—or having to serve out their full terms if by chance they are convicted.

Of all questions and problems facing America, I can think of none more important to answer than this: Why is American society failing so miserably to give its citizens freedom from terrorization by crime, the right upon which all others depend and which is now the primary demand of the American public?

Politicians and budgets are not the basic problems.

Politicians like Bill Clinton, New York's Governor Mario Cuomo, Mayor Rudolph Giuliani of New York City, Representative Charles

Schumer and others hear the anti-crime SOS sent by the public. And it is not only money—not in a country where hundreds of billions are spent fighting crime every year. More every day, I believe that the problem is that Americans are not putting their minds where their anti-crime mouths are. Millions who are convinced that they are fiercely against crime wind up placing the rights and privileges of the criminal over those of the law-abiding. They do not have the sense of responsibility to re-examine their intellectual and emotional positions.

On the right, Americans who see themselves as hard against crime still refuse to accept restrictions on buying guns for sport or self-defense. They put American criminals forever in their debt.

Among liberals and radicals there are too many who make mean faces at gun lovers while doing their own best to make the trade of criminality easier for its practitioners and survival more difficult for the prey.

That is what is happening in the public housing projects of Chicago—some of the most dangerous real estate in the country. At one project, where 300 instances of gunfire were reported on one weekend in February, the tenants and management wanted to take a few safety steps.

They thought it might save some lives if metal detectors were put up, residents carried a photo ID, and visitors were signed in and greeted. They thought it would be nice,

in other words, if their lives were considered almost as worth saving as those of Americans who use airports, work in federal office buildings or live in houses where there are doormen.

The American Civil Liberties Union successfully fought such protections. Still, the project residents and managers dreamed on. They got police to sweep apartments where drug dealers stashed weapons, and narcotics, even if there was not enough time to get warrants.

That, to the ACLU, raised the constitutional question of unlawful search. They stopped the sweeps in court, pending appeals.

The residents and their friends at the Washington-based American Alliance for Rights and Responsibilities counter with the survival question. Who decides how to fight crime in the projects—the people who will die under fire in the houses, or lawyers who have never lived there? Now the White House is urging the tenants to give advance consent to sweeps. Good idea: perhaps the ACLU lawyers will agree. Perhaps the drug dealers will not kill tenants who sign the advance consent papers.

Of course, neither the National Rifle Association nor the ACLU wants to get law-abiding Americans killed. But after all, the constitution does not guarantee you a metal detector, or a doorman. Certainly there is no constitutional responsibility to try to get your mouth and mind together about domestic tranquillity, or whatever they used to call it.

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Loss of Innocence

LONDON — Mr. William Dierkin, picture dealer, was dragged into the Glasgow Police-court yesterday [April 19] by two blushing constables, charged with exhibiting a painting called "The Slave Market at Cairo" in his window, to the great scandal of the city. Several witnesses swore that, after looking at the picture, they had lost much of their innocence. The magistrate, on gazing at a photo of it, was so overwhelmed with confusion that he had to hide his face in his handkerchief. After he had recovered from his fit of blushing, he let the prisoner go on his promising not to sell photographs of his picture.


1919: Out of Germany

BALE — According to a report from Essen, the Communists have started a campaign in favor of emigration on a large scale. The leaders of this movement are engineers, merchants and workers of the middle classes. It

is their idea to emigrate to South America, particularly to Argentina and Brazil, where they will resume German propaganda on the old lines. The emigrants, who will not sever their relations with the Fatherland, give the future economic situation in Germany as the reason for this action.

1944: Danube Is Mined

NAPLES — [From our New York edition:] In a series of daring night missions over Hungary, Yugoslavia, Romania and Bulgaria, bombers of the Royal Air Force have mined the Danube River for about 300 miles, it was disclosed today [April 19] by the Mediterranean Allied Air Force. The difficult operation was achieved in the light of a warning moon by Wellingtons and Liberators with mixed British, Canadian, American and South African crews. The Danube is one of the most important arteries of Germany for the shipment of various goods, and is used for the transportation of troops and ammunition.



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OPINION

Iraqgate: Much Too Much Ado?

By Richard Harwood

WASHINGTON — William Safire, the respected (and often feared) New York Times pundit, has written 20 or so columns since early 1992 on what he believes to be one of the greatest scandals in the history of man. From a column published on Nov. 12, 1992, "Iraqgate" is the first global political scandal. The leaders of three major nations (United States, Italy and Britain) are implicated in a criminal conspiracy: first, to misuse taxpayer funds and public agencies in the clandestine buildup of a terrorist dictator (Saddam Hussein); then to abuse the intelligence and banking services of these nations to conceal the dirty deed; finally to thwart the inescapable course of justice, at a cost to taxpayers, he said, of \$1.9 billion.

"Iraqgate," said U.S. News & World Report, is a story of "how the Bush administration helped finance Saddam Hussein's war machine with American tax dollars." Mr. Safire claimed that "tax money" was used to finance (Saddam's) secret nuclear buildup.

When the Clinton administration came to power, it produced no evidence of any global scandal, whereupon Mr. Safire suggested last September that President Bill Clinton and his appointees had become part of the "conspiracy."

"George Bush," Mr. Safire wrote, "privately advised Bill Clinton that he would not criticize the new president during the first year of his term... In what may be an unspoken quid pro quo, the Clinton administration has moved to quash any revelations about Mr. Bush's Iraqgate scandal."

This is a tale Oliver Stone might have written, and it may prove to be no less fictional than Mr. Stone's absurd movie "JFK." That is my reading of Kenneth Juster's persuasive rebuttal to the conspiracy claims of Mr. Safire and others.

Mr. Juster is a young Washington lawyer who was a senior adviser to Lawrence Eagleburger, then the deputy secretary of state in the Bush administration. He is now a visiting fellow at the Council on Foreign Relations, where he studied this affair. His findings appear in the spring issue of Foreign Policy magazine.

"The central tenet of the Iraqgate story, as charged by the press," he writes, "is that the Bush administration pursued a secret policy in cooperation with Iraq to divert U.S. agricultural assistance pro-

grams in order to help... Saddam Hussein obtain weapons."

U.S. News said in October 1992 that through these programs Mr. Bush "continued to provide billions of dollars in loans to Saddam Hussein after the war with Iran ended... Iraqi agents [stole] some of the money and used it to buy and build biological, chemical and nuclear weapons."

It is a nifty theory. But there is a problem, as Mr. Juster explains. No U.S. government loans were made to Iraq in the 1980s or '90s. Credits to buy food were guaranteed through the U.S. Commodity Credit Corporation. But a "credit" is not a transaction in which a lender hands over money to a borrower. Under the CCC food program, an exporter agrees with a foreign buyer to export specific quantities of American commodities. The U.S. bank financing this sale pays the American exporter for the food. It is repaid by the country receiving the credit. The American bank involved is insured against loss by the CCC. Thus, it is not even theoretically possible, Mr. Juster argues, for any money to have been "stolen" from these credits for weapons purposes by Iraq or any other country.

But by obtaining credit for food purchases, critics say, Iraq could use its hard currency to buy other things, arms included. That could have happened, theoretically, when the first credits were extended in the early 1980s. But when payments came due, Iraq had to pay in hard currency or be disqualified from further food purchases.

The long-term effect was to deplete Iraq's hard-currency reserves. It obtained \$392 million in new food credits in fiscal 1990 while paying off old credits with \$347 million in hard currency. Far from freeing up hard currency, the repayment burden grew year by year.

In August 1990 the United States imposed sanctions on Iraq for invading Kuwait. Payments by Iraq on \$1.9 billion in outstanding food credits stopped at that point. That is what the Iraq food program allegedly has cost American taxpayers.

But all is not lost. The Federal Reserve System has frozen Iraqi assets in the United States. They total \$1.3 billion. And according to Mr. Juster, "Iraq presumably would have to settle claims

for all of its CCC-related debts as part of any subsequent normalization of relations with the United States." So, in the end, the slate may be wiped clean.

The reputations of those accused of Iraqgate conspiracies and criminality may take longer to repair.

"There have been," Mr. Juster writes, "more than four years of hearings and investigations by various executive-branch, congressional and judicial bodies... But there is still no proof that the charges are true. Indeed, several government entities examining the charges have reached contrary conclusions."

If Mr. Safire's theories are right, and if, as he hints, the Clintons may be part of a conspiratorial web, we may never clear the air on this one.

But if journalists become as zealous in exploring the avenues opened up by Mr. Juster as they were in spreading the original tale, the truth may out one day.

The Washington Post.



LETTERS TO THE EDITOR

Take NATO Out of Bosnia

Now that the NATO military forces serving under the United Nations in Bosnia are seen as having taken sides with the Muslims, it is not time to replace them with military personnel from non-NATO countries, perhaps China or India? Only such a change of personnel could restore the UN's credibility as a peacekeeping force with no desire to take sides in nasty civil wars. The argument that only NATO is capable of executing such a mission in Bosnia has proven disastrous. If the UN is to survive, it is essential that it be seen as an international world body, not just a tool of a few powerful nations.

STANISHA OGNIANOVICH, London.

Getting Beijing's Attention

Regarding "What About the Fate of Asians" (Opinion, April 16): After reading A. M. Rosenthal's thoughtful column, I turned on BBC and was amused to hear that some Asians certainly know how to get other Asians to do the right thing.

When mainland Chinese authorities couldn't be bothered to act on the tragic shipboard fire in which 24 Taiwanese tourists had perished, Taiwan suspended visits and canceled lucrative contracts. The Beijing government promptly shook off its torpor and arrested three "criminals" (God help them, for their crimes of a fair trial are nil).

I hope that we who claim to care about the fate of Tibetans, Chinese workers and dissidents, and other victims of the naked abuse of power, can learn from this experience.

TICA BROCH, Geneva.

It's Not a 'Safety Net'

Regarding the report "In Europe's Jobs Crisis, Growth Is No Answer" (March 10) and other articles:

The term "social safety net" is frequently used to denote certain social structures that exist in Western Europe, especially by those who wish to preserve those structures. I believe the "safety net" metaphor is not valid.

A safety net is supposed to be a last resort; something to save you when ev-

erything else has failed. A social safety net, therefore, might be a system that saved you from homelessness in the case of joblessness or that saved you from starving in the case of homelessness.

What we more often hear referred to as a "social safety net" is the elaborate system of rules and regulations that attempt to ensure that workers who have jobs will keep them, that real salaries will be guaranteed to increase forever, and that no one should ever have to experience a loss of affluence. This conflicts with the "safety net" metaphor. I propose the phrase "social safety harness" for this system that, far from saving people from the worst, tries to keep them locked in place, come what may.

DENNIS CARNEY, Paris.

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Sure Cure or Poison Pellet: Drowning in a Vitamin Sea

By Ellen Goodman

BOSTON — She is standing in the kitchen talking to her vitamin pills. This is not something that the woman normally does.

On an average morning you might find her wrapped in the very same blue bathrobe lecturing the squirrel who has taken over her bird feeder. You would not find her having a heart-to-heart talk with beta carotene. Nor with Vitamin E.

But today the newspaper that she generally takes with a cup of coffee and a chaser of little pills has dropped another

drunken tourists were subjects for the study or what the interaction of vodka and beta carotene produces. Nor is it clear whether research on Finnish men who smoke has relevance for an American woman who does not and is unlikely ever to be at risk for prostate cancer.

But this tale is one of an endless number of twists and turns in the plot line of modern medicine. There seems to be some sort of planned obsolescence now to medical news. Today's sure cure is tomorrow's poison pellet.

MEANWHILE

dose of uncertainty into her morning regimen. The wonderful little world of vitamin supplements has been thrown into question. The A's and the E's that are supposed to protect her from the Big C may be shirking their alphabetical duty and even hastening the Big D.

In Finland, researchers studied 29,000 men between 50 and 69 years old who were given either vitamins or placebos. It was suspected that the vitamins would help block lung cancer. But smokers who took beta carotene did not decrease that risk; they increased it. Meanwhile, those who took Vitamin E mildly reduced their chance of prostate and colorectal cancer, but mildly increased their chance of strokes that involved head bleeding.

Well. The woman hasn't been so appalled by revisionist medicine since the day she dumped three boxes of oat bran into the compost heap. She has not been so confused since she found out that "free radicals" had nothing to do with politics and "antioxidants" were not a laundry bleach.

So there she is, at her counter, delivering a morning soliloquy to uncertainty. "To swallow or not to swallow. That is the question." The vitamins say nothing. Frankly, this woman hasn't given Finnish men a thought since she met a tour group of them in the Soviet Union. In the 1980s, many Finns charmed weekend flights to what was then Leningrad for the express purpose of drinking vodka until they passed out.

Meanwhile, if you go out in the sun, you may get skin cancer. If you stay inside you may get depressed. If you worry about all this, you will get stressed out. And in the end, disease may have less to do with your diet than with your DNA.

Is it any wonder that the woman in this kitchen has not yet had time to figure out Managed Health Care? It is a full-time job managing her own health care.

As for her ode to beta carotene and Vitamin A, well, if medicine were in the commodities market, this week's savvy investor would be buying broccoli futures and selling supplements short.

So for the moment, she will cap the vitamins and bring on the Broccoli Breakfast Crispies and wait for the next medical installment. With luck, those nasty little researchers will keep their statistics off her chocolate.

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BOOKS

ROALD DAHL: A Biography

By Jeremy Treglown. 320 pages. \$25. Farrar Straus Giroux.

Reviewed by Stephen King

ACCORDING to the Puffin editions of his fabulously successful stories for children, Roald Dahl was "the World's Most Scrumdiddlyumptious Storyteller." Perhaps. But, as Jeremy Treglown's biography makes clear, he lived a less than a scrumdiddlyumptious life. He fought bravely and well as an RAF fighter pilot in Greece, downing at least five enemy planes, but before ever firing a shot in combat, he crash-landed a Gloster Gladiator in the African desert. He suffered back pains for the rest of his life and walked with a limp.

He was a compulsive who began saving the foil sleeves of luncheon chocolate bars in the 1930s, molding them into a ball which he kept on his desk during his years as a Shell Oil employee. He still had the foil ball when he died in 1990.

He was a racist. In the original draft of "The BFG," the big, friendly giant sounded like a comedian in a turn-of-the-century minstrel show. Dahl's editor at the time told him straight out that this was a racial stereotype, and Dahl changed his description.

He was also a seething anti-Semite who saw no contradiction between having Jewish friends and colleagues and disliking Jews in general. In a 1983 newspaper interview, he told a journalist that "even a stinker like Hitler didn't just pick on [the Jews] for no reason."

His family life was marred by a job-like string of tragedies. To these Dahl responded with ruthless heroism. His son's pram was struck by a taxi in New York and driven into a city bus, crushing the infant inside. Theo Dahl sustained horrifying head injuries. Dahl and his wife, the actress Patricia Neal, were told that the boy would die. Theo did not die. Roald Dahl, it seems, would not let him die. When the boy developed hydrocephalus, Dahl asked a friend to use his hobby — building model aircraft engines — to help Theo. Stanley Baldwin responded by building the first really successful neurological shunt valve.

While Theo Dahl's life lay still at risk, another child, Olivia, died of complications from a case of the measles. She was 7. Two years later, Neal suffered a stroke. She might have died at once had not Dahl recognized what her symptoms meant. He acted promptly, calling a top neurosurgeon who had been consulted in Theo's case only a few years earlier.

In the years following her stroke, Dahl bullied his wife into recovery of her injured faculties — joining at her, refusing to let anyone help her up flights of stairs or, in the early days, to so much as cut her food. Three years after the stroke, she was back in front of the camera. She couldn't always remember her lines or speak them when she did, but this is not the problem in movies that it is on stage, and the film was a triumph for them both.

In 1983, after 30 years of marriage, Dahl divorced her. His enormous income went to his second wife, the much younger Felicity, when he died.

And during all this, like a man playing chess during a carpet-bombing, he wrote. His work divides itself pretty neatly into two halves: short stories written for adults and longer ones written for children. The tales for adults, the

most memorable of which are collected in "Kiss Kiss" and "Some- one Like You," are stories calculated to do nothing more — or less — than make a kid fall back in his or her chair, laughing wildly and kicking his or her feet in gleeful appreciation. Seen in this way, it might be kinder to let the less palatable aspects of Dahl's life be forgotten.

Stephen King, whose latest books are "Nightmares and Dreamscapes" and the forthcoming "Insomnia," wrote this for The Washington Post.

BEST SELLERS

The New York Times		
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.		
FICITION		
This Week	Last Week	Weeks on List
1 THE CELESTINE PROPH- CY, by James Redfield	1	7
2 THE BRIDGES OF MAD- SON COUNTY, by Robert James Waller	2	88
3 DISCLOSURE, by Michael Crichton	4	13
4 ACCIDENT, by Danielle Steel	3	9
5 SLOW WALTZ IN CEDAR BEND, by Robert James Wal- ler	5	34
6 LIKE WATER FOR CHOC- OLATE, by Laura Esquivel	6	53
7 ON DANGEROUS GROUND, by Jack Higgins	9	2
8 LOVERS, by Judith Tarr	1	1
9 ROGUE WARRIOR II: Red Cell, by Richard Marchinko and John Weinman	7	6
10 THE ALIENIST, by Caleb Carr	1	1
11 THE CAT WHO CAME TO BREAKFAST, by Lillian Jack- son Braun	8	8
12 WITHOUT REMORSE, by Tom Clancy	12	32
13 RIVER GOD, by Wilbur Smith	10	3
14 FATAL CURE, by Robin Cook	11	12
15 NATURAL CAUSES, by Michael Palmer	1	1
NONFICTION		
1 EMBRACED BY THE LIGHT, by Betty J. Badie	1	49
2 THE BOOK OF VIRTUES, by William J. Bennett	3	17
3 HOW WE DIE, by Sherwin B. Nuland	2	7
4 ZILATAS DIARY, by Zana Filipovic	4	5
5 MIDNIGHT IN THE GAR- DEN OF GOOD AND EVIL, by John Berendt	5	6
6 MAKES ME WANNA HOL- LER, by Nathan Mc Call	6	5
7 SOUL MATES, by Thomas Moore	7	14
8 HAVING OUR SAY, by Sa- rah and A. Elizabeth Delany with Amy Hill Hearth	8	20
9 WOULDN'T TAKE ANY- THING FOR MY JOURNEY NOW, by Mary Maguire	9	28
10 OLD SONGS IN A NEW CAFE, by Robert James Wal- ler	1	1
11 SEINLANGUAGE, by Jerry Seinfeld	12	32
12 REENGINEERING THE CORPORATION, by Michael Hammer and James Champy	13	35
13 A DRINKING LIFE, by Pete Hautman	10	9
14 THE HIDDEN LIFE OF DOGS, by Elizabeth Marshall Hall	15	34
15 WOMEN WHO RUN WITH THE WOLVES, by Clarissa Pinkola Estés	14	87
ADVICE, HOW-TO AND MISCELLANEOUS		
1 MAGIC EYE, by N. E. Thing Entropies	1	13
2 MEN ARE FROM MARS, WOMEN ARE FROM VE- NUS, by John Gray	2	47
3 STOP THE INSANITY! by Sam Peltor	4	25
4 AGELESS BODY, TIME- LESS MIND, by Deepak Chopra	3	36

THE SECRET OF A PERFECT ENGLISH SUMMER...

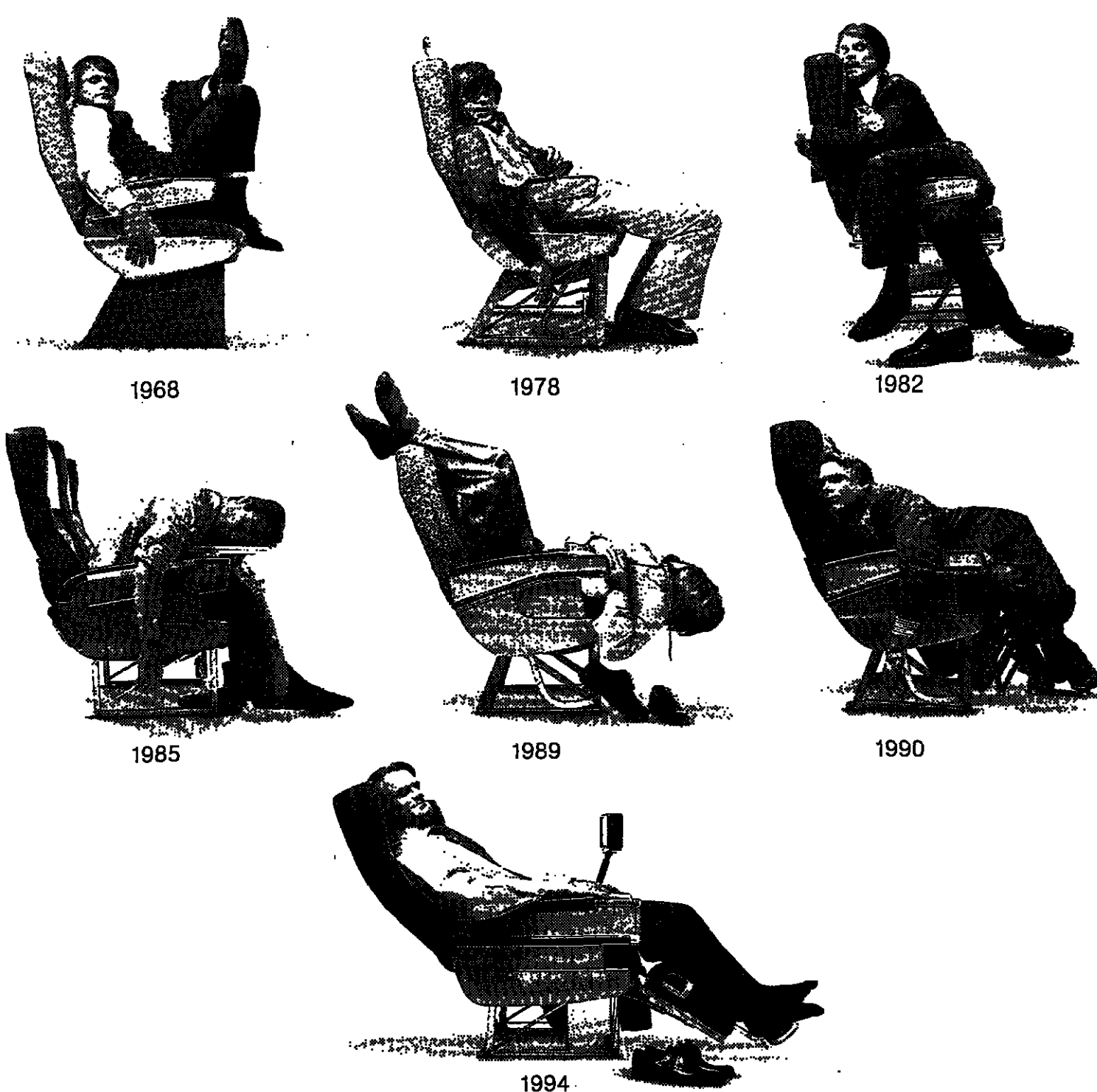
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"ExtraVenous," music by David Linton and choreography by Stephen Petronio, at Lyon Opéra Ballet.

'An American Evening' in Lyon

By David Stevens
International Herald Tribune

LYON — With its Maison de la Danse, a biennial dance festival, and the eclectic and well-traveled ballet company of the Opéra, Lyon has in little more than a decade become one of the capitals of the dance world.

It has been particularly hospitable to Americans, in a symbiotic relationship that has enriched the European dance scene while at the same time offering American choreographers working conditions that are almost luxurious in comparison, with the permanently tough times at home for smaller dance troupes.

Bill T. Jones has recently succeeded Maguy Marin of the Lyon Opéra Ballet, a company of 20 or so dancers, classically trained but open to contemporary expression. The company's most recent effort is "An American Evening," three premieres by three American choreographers of the so-called Next Wave, which is no more than a handy umbrella label for a trio of contemporaries. Donald Baechler designed the sets and William Katz the costumes for all three works and the music was live and all American, too, all of which turned out to be elements of diversity as much as unity.

Another unifying element is that two of these dances are decidedly elegiac in mood, touched by the long shadow of AIDS. Jones' "I Want to Cross Over," with the gospel singer Liz McComb powerfully present in the pit with the guitarist Titus Williams, seems an expression of earthly burdens and yearning for release. Jones was a vigorous and dominant central figure, surrounded by 22 dancers whose gestural vocabulary Jones says was drawn from his work with terminally ill people.

Baechler supplied a blue sky streaked with clouds and a trio of symbols—a flat-bottomed boat, a small house and a chimney-like tube. The boat, at first standing on end, is finally lowered, the house becomes its cabin and the tube its funnel, a small steamboat ready to cross whatever river it is to the other side.

One is inevitably reminded that Jones's long-time companion and dance partner, Arnie Zane, was lost to AIDS. Susan Marshall more explicitly dedicates her "Central Figure" to Arthur Armitage, a dancer in her company who died last summer. The male central figure is surrounded by other dancers, supportive and somewhat mournful, in loose-fitting, neutral-colored costumes. With the occasional intervention of a scrim, the central figure seems to disappear or to leave the group behind, yet he remains even when going away. The gently fluid choreography plays against a symbolic backdrop suggesting a constantly changing patchwork quilt. Philip Glass's String Quartet No. 5, splendidly played by house musicians, was apt in mood, a work of late romantic persuasion and a minimum of minimalist ties.

In "ExtraVenous," Stephen Petronio deploys a total of 18 dancers, but never all at the same time, in a series of quick-changing, high-speed figurations in which a classical line is constantly broken up by modern angularity. Different groups are distinguished by the variety of Katz's white costumes. The whole is set against Baechler's backdrop of crazily exotic flowers, and handsomely supported by David Linton's rhythmically driving quartet, a brilliant melding of viola, cello, trumpet and trombone.

The program is scheduled to take to the road and will be seen in Paris at the Théâtre de la Ville in June.

'Le Parc' at Paris Opéra Ballet

The Paris Opéra Ballet continues to expand its contemporary repertoire. After his homage last year to the Ballets Russes, Angelin Preljocaj is back at the Palais Garnier with a new 90-minute ballet, "Le Parc," set almost entirely to various Mozart pieces and evoking the course of erotic passion in a stylized world made familiar by Marivaux and "Les Liaisons Dangereuses."

The work has a dramatic progression that opens with a group dance entitled "members of the two sexes observe one another" and proceeds to the logical conclusion. It is structured in three acts, each of which ends in a pas de deux for the principal couple, progressively labeled "meeting," "resistance" and "abandon." Each of the pas de deux is seductive blend of classical technique and contemporary sensuality, and each is set to a middle movement of one of the piano concertos, an irresistible combination, particularly with Elisabeth Manrin and Manuel Legris as the passionate principal couple.

The group dances that make up the rest of the sections have their moments of wit and insight. Less penetrable are the four "gardeners" who introduce each act, accompanied by taped sonic concoctions. They appear to be manipulators from another world, albeit dressed for underwater fishing.

Hervé Pierre's lavish 18th-century costumes provided the real setting, rather than Thierry Lepoutre's stylized trees. Jonathan Darlington conducted the Lamoureux Orchestra with some uneven results, and Alain Planès was the fine pianist.

"Le Parc" is at the Palais Garnier through April 22, but it surely is a work that will be back in future seasons.

Israel Horowitz and the Paris Connection

By Thomas Quinn Curtiss
International Herald Tribune

PARIS — Israel Horowitz, whose plays are as popular in France as they are in the United States, has become one of the most produced American dramatists in French theater history.

"I began coming to Paris in the 1960s when I was told audiences here liked my work," Horowitz explained. "More than 20 of my plays have been produced in Paris and several have had long runs and have returned in revivals. Eight plays of mine have been on the boards during this season."

Born in Wakefield, Massachusetts, in 1939, he was educated in Boston and later studied on a fellowship at the Royal Academy of Dramatic Art in London from 1961 to 1963. He returned to London two years later, the first American to be chosen as the playwright-in-residence with the Royal Shakespeare Company when "The Indian Wants the Bronx" and "Line" were

already famous in his homeland, the Continent and the Far East.

Horowitz wrote his first play, "The Comeback," at 19. It had its premiere at Boston's Emerson College. Since then he has had more than 50 plays produced.

Having reached 54, he has not lost his tireless quest, his contagious optimism or his engaging broad smile. The air of a breezy undergraduate seems to cling to him, though he has married three times and is the father of five children.

During a winter spent in his beloved Paris with his wife and their younger children, Horowitz has taken a trio of his short fantasies and united them in a triptych, "Of Rats and Men," and staged it at the Théâtre du Lucernaire. He has also completed a new, full-length drama, "Unexpected Tenderness," which revolves around a lower middle-class family. It is slated to open on the Gloucester stage in August and at New York's WPA theater in September.

In his salad days, Horowitz was a novice at Ellen Stewart's Café La Mama, a New York

pre-school for theater-folk of all sorts. He not only wrote plays there but also performed and at times served as stage manager.

In addition to his plays Horowitz also writes for the screen. He acted and wrote dialogues for "The Strawberry Statement," a film about the student riots at American universities in 1968.

During the past year Horowitz has completed three screenplays. The first is a biography of James Dean, who was killed in a car crash after sudden success in the movies, in 1955. Horowitz was 16 at that time and like millions of adolescents identified with his hero's celluloid version. The film script seeks to reveal the issues that influenced Dean's destiny.

Horowitz's second scenario is the fourth remake of the 1937 hit, "A Star is Born," in which the late Janet Gaynor impersonated a rising Hollywood actress.

The third Horowitz screenplay will be a musical comedy, "One Last Dance," starring Patrick Swayze.

LONDON THEATER

6 Men, 6 Stories and Tragedy

By Sheridan Morley
International Herald Tribune

LONDON — Indirectly derived from "La Ronde" by way of Simon Gray's "The Common Pursuit," Kevin Elyot's "My Night With Reg" (at the Royal Court Upstairs) is an expert gay-chic comedy of tragic manners. More than 20 years after the more out-front homosexuality of "Boys in the Band" or "Torch Song Trilogy," this is an elegant study of men in love with men, precisely the kind of nonchanted, honest entertainment that Coward or Rattigan would have yearned to write had the public of their times been rather more tolerant.

But there is now of course a specter at the feast: where the unspoken connection of "La Ronde" was venereal disease, so now it is AIDS, from which two of the characters die, offstage, during a brief no-interval 90 minutes. Yet this is not a dance of latter-day death, nor any kind of appeal for understanding or tolerance. Indeed the best thing about "My Night With Reg" is that it goes in for no special pleading of any kind; it simply tells the stories of six men, the parties that bring them together and the affairs that lead to tragedy.

There's John (Anthony Calf), a wealthy "Brideshead" hero; Guy (David Bamber), an adman aching for love of him; Daniel (John Sessions), the camp, promiscuous star of the group; Eric (Joe Duttine), the housekeeper whose lower-class morality acts as a corrective to them all, and then Bernie and Benny, the bus driver and plastic-cap salesman who are there chiefly as observers and guests.

Out of this sextet, Elyot carves a short, sharp drama of male emotion that suggests that gays would be no different from the rest of us were it not for a terrible fate that has put them suddenly at high risk. As for Reg, we never get to meet him at all, though by the end of an expertly performed evening, we feel we have known the others all our lives.

In Philip Ridley's "Ghost From a Perfect Place" (at the Hampstead), John Wood, in a massively evil performance as Travis Flood, returns

from California exile to revisit the scene of his '60s crimes in Bethnal Green and is predictably horrified at the changes wrought by 30 years. *Graffiti everywhere, punk-rocking kids showing no respect, the East End gone to hell in a hand basket.*

So different from the dear, dead days when Flood only murdered those who truly deserved it.

But Ridley has something more ambitious in mind than a ritual survey of gangster nostalgia. A

carefully laid plot eventually explodes when Flood is brought up against the leader of a brutal gang of female cheerleaders dressed in gold lamé.

It would be unfair to reveal their precise connection, but a sharp and sinister tale unfolds in which Ridley would seem to be asking us to consider the changing social and sexual nature of street violence. Not only can yesterday's gangsters end up as today's hostages, but

along the way all values have been changed, rather as though Al Capone were to try to make sense of life in downtown Chicago today.

In the end, it transpires that there are no perfect places and that the ghosts are only pretending. Neither Flood, nor the old crone who first takes him in (Bridget Turner), nor her granddaughter (threateningly well played by Tova McDowell as the chief cheerleader) are quite what or who they seem, and all we know for sure is that Joe Orton has been encountered Mickey Spillane up a dark English alley. Matthew Lloyd's production is a masterpiece of killer-bimbo menace.

And talking of menace-masterpieces, Keith Baxter's brilliant rediscovery and rethinking of Patrick Hamilton's "Rope" has transferred to Wyndham's from the Minerva in Chichester with a somewhat revised cast, but Anthony Head still gives a breathtaking performance as the war-wounded poet who comes quite literally face to face with death. If all you know of "Rope" is the Hitchcock movie, you don't know "Rope" at all.

And finally, up at the Almeida, Phyllis Nagy's "Batterfly Kiss," a postmodernist study of a woman who was, unusually, murdered by her mother. Matricide by daughter is rare enough in the annals of drama to merit a play like this, unfortunately, Nagy loses interest rapidly in her Lizzy Borden and the play drifts off into a series of relative character studies, none of which really compels our attention.

Along the way we certainly get to meet some interesting characters, not least Sandra Dickinson as the gun-chewing Countess, who, having stepped out of some minor Tennessee Williams hothouse, memorably announces to them in search of her address, "Moi, j'habite Queens."

But the characters are all too often in search of their author, and nothing in Steven Pimlott's agile production can really make up for a certain woolly vagueness in the writing. On one level this might seem to be the nuclear family in explosion, but on another it's a moral maze with no way out. Elizabeth Bertridge is suitably mysterious as the mother-killer.



A scene from "Ghost From a Perfect Place."

Broadway's Disney, Dancing Spoons

By David Richards
New York Times Service

NEW YORK — As Broadway musicals go, "Beauty and the Beast" belongs right up there with the Empire State Building, FAO Schwarz and the Circle Line boat tours. It is hardly a triumph of art, but it'll probably be a whale of a tourist attraction.

It is Las Vegas without the sex, Mardi Gras without the booze and Madame Tussaud's without the waxy stares. You don't watch it, you gaze at it, knowing that nothing in Duquesne comes close.

At an official cost of nearly \$12 million — unofficial estimates run considerably higher — the Walt Disney Co. has re-created on the stage of the Palace Theatre its 1991 blockbuster animated feature, right down to the ravens, the dancing spoons and the enchanted rose that sheds its petals as true love's hopes run low.

Family audiences tired of prancing felines are apt to find this cause for celebration. Others may look upon the spectacle as further proof of the age-old theory that if you throw enough money at the public, the public will throw it right back.

The scenery by Stan Meyer — mostly in that ornate, slightly scary German Gothic style that passes for picturesque at Disney — is almost always on the move. No apparition, disappearance, thunderbolt, rainstorm or swirling fog bank is beyond the capabilities of the show's special-effects engineers.

Any one of Ann Hould-Ward's costumes

would be the envy of a Beaux-Arts ball. And if you thought the chandelier crashing to the stage in "The Phantom of the Opera" was something, wait until the Beast (Terrence Mann), presumably dead, rises up from the castle floor, floats 10 feet or so into space, then starts to spin like a human propeller.

Before the spinning is done and you've caught your breath, he has somehow shed all things beastly and become a dashing prince again. (Take that, Siegfried and Roy.)

The astonishments rarely cease. Yet strange as it may sound, that's the very drawback of "Beauty and the Beast." Nothing has been left to the imagination. Everything has been painstakingly illustrated.

There is no room for dreaming, no quiet tucked-away moment that might encourage a poetic thought. For an evening that puts forth so much, "Beauty and the Beast" has amazingly little resonance. In the end, the musical says far less about the redemptive power of love than it does about the boundless ingenuity of what is called Team Disney.

The movie's strength — at least from Broadway's perspective — is the Academy Award-winning score by Alan Menken and his partner, Howard Ashman, who died early in 1991, before work began on the stage version.

Such songs as "Belle," "Be Our Guest" and "Gaston" are happily reminiscent of Lerner and Loewe, and the title number speaks stirringly of love, as few Broadway ballads do these days.

To them, Menken, working with the lyricist Tim Rice, has added seven new numbers, partly

to bring out the sensitive side of the Beast, partly to underscore Belle's fortune.

However, the production, directed by Robert Jess Roth, is reluctant to let a song be a song in its own way and time. Two kinds of delivery are recognized: the hard sell and the harder sell. "Be Our Guest," the first-act show-stopper, knows no shame in that regard. Its lavishness is close to delirium, its giddiness beyond camp.

If you are one of the few people in America who don't know the plot, a wicked witch has transformed the handsome prince into a cross between Quasimodo and a buffalo, and the staff of the castle is turning into sundry household objects: teacup, feather duster and the like.

Before long, the spanula is cavorting with the fork, the rug is doing cartwheels and the dinner plates are parading down a grand staircase like arrogant showgirls angling for a sugar daddy.

THE choreographer, Matt West, is responsible for this interlude, although Busby Berkeley on magic mushrooms might have staged it. For its duration, at least, the extravagance elevates "Beauty and the Beast" to a realm of hallucinogenic lunacy that surely goes against every sane and sober principle Disney stands for.

The actors resemble their cartoon counterparts as much as real actors could reasonably be expected to. In the case of Susan Egan, who plays Belle, a quintessential Disney heroine, being pretty, unspoiled and plucky (but never rude) is mostly what's required.

Tom Bosley, as her eccentric inventor father, limits himself largely to a dazed and bumbling manner.

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A note to our readers.

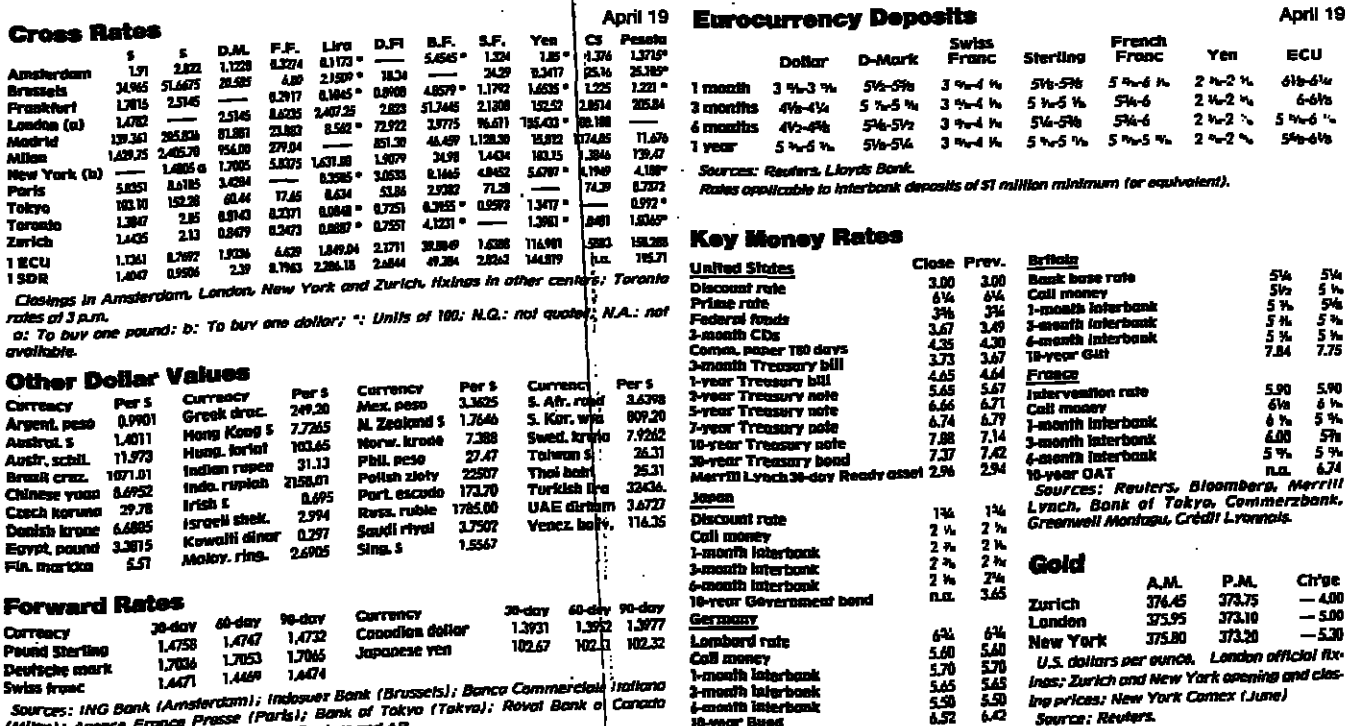


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If you would like to find out about you, the IHT reader, results of the survey will be published in the International Herald Tribune in several weeks' time.

Thank you in advance for your help.

Herald Tribune



Falling Asset Prices Undermine Dollar

Bloomberg Business News
NEW YORK — The dollar fell against most major currencies Tuesday as stock and bond prices tumbled, fueling concern about the stability of U.S. assets.
"As long as the Fed is raising rates, the asset markets will be under pressure, and so will the dollar," said Peter Michaels, assistant vice president at Fuji Bank.
Higher U.S. rates should buoy the dollar by making American assets

more attractive. But this year's slump in U.S. stocks and bonds has kept the dollar from following rates higher, traders said. After Monday's move by the Federal Reserve Board, the rate on overnight bank loans is 3.75 percent, up from 3 percent on Feb. 4, when the Fed raised the rate for the first time in five years.
The dollar fell to 1.7005 Deutsche marks at the end of New York trading on Tuesday from 1.7080 DM at Monday's close. When the Dow Jones industrial average hit its low point of the day during the afternoon, the dollar hit a two-week low of 1.6957 DM.
The dollar fell to 5.3775 French francs from 5.4665 francs on Monday and to 1.4434 Swiss francs from 1.4475 francs. The pound rose to \$1.4805 from \$1.4765.

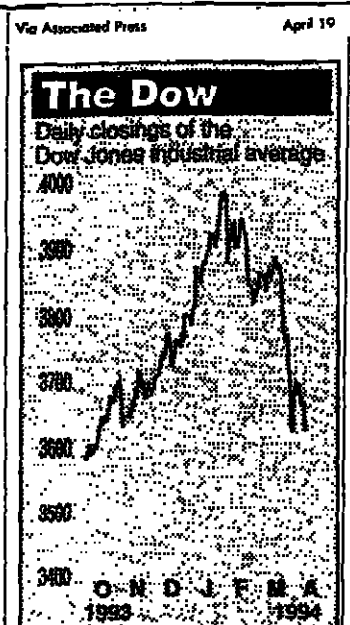
STOCKS: Unnered by Rates

Continued from Page 11
on overnight interbank loans is now at 3.75 percent—outweighed better-than-expected earnings from Microsoft Corp., Intel Corp. and Chrysler Corp., traders said.
The concern over rising interest rates hit credit-sensitive market sectors like automobiles especially hard, traders said.
General Motors lost 1 1/2 to 55.

U.S. Stocks

Ford gave up 1 1/2 to 56 and Chrysler surrendered 2 1/2 to 48.
"People have got to be thinking that with interest rates going up, cars are getting more expensive," Jim Benning, a trader at BT Brokerage, said.
Philip Morris was one of Wall Street's better performers, gaining 1 1/2 to 57. Investors reacted positively to the tobacco and food conglomerate's first quarter results.
Technology stocks were firm Tuesday morning, but then turned down. Mr. Meyer of Ladenburg said investors apparently believed some of these companies were near the top of their profit cycle.
Intel rose as much as 2 1/2, then slipped to 57 1/2, off 1. The semiconductor maker laid Monday posted

first-quarter earnings of \$1.40 a share, up from \$1.24 a year ago. Texas Instruments fell 3/4 to 66, and Motorola dropped 1 to 64.
Microsoft was an exception, rising 5/8 to 88 1/2. Late Monday, the software maker posted quarterly earnings of \$1.11 a share from operations, up from 80 cents a year earlier.
In Asia, stock markets stumbled after the Fed move threatened to push up borrowing rates in the region and weaken demand for stocks.
Hong Kong was among the hardest hit as investors pulled out of real estate shares that look vulnerable to higher interest rates. The benchmark Hang Seng index was down 2.2 percent at the close.
Australia's All Ordinaries index lost 1.65 percent, and indexes in Singapore, Malaysia and Thailand were down more than 1 percent.
In London, the Financial Times Stock Exchange index of 100 leading shares ended off 0.3 percent at 3,138.2, after rallying in late trading in response to Wall Street's morning bounce.
In Paris, the CAC-40 share index finished down 24.08, at 2,160.06. In Frankfurt, the 30-share DAX index lost 56.36, to 2,172.42.
(Bloomberg, AP, AFP)



Daily closing prices of the Dow Jones Industrial Average

NYSE Most Actives

Symbol	Vol.	High	Low	Last	Chg.
IBM	1,013,400	101.30	100.50	100.75	-0.25
Microsoft	1,013,400	88.50	87.50	88.00	+0.25
Intel	1,013,400	57.50	56.50	57.00	+0.25
General Motors	1,013,400	55.50	54.50	55.00	-0.25
Chrysler	1,013,400	56.50	55.50	56.00	-0.25

NASDAQ Most Actives

Symbol	Vol.	High	Low	Last	Chg.
Microsoft	1,013,400	88.50	87.50	88.00	+0.25
Intel	1,013,400	57.50	56.50	57.00	+0.25
General Motors	1,013,400	55.50	54.50	55.00	-0.25
Chrysler	1,013,400	56.50	55.50	56.00	-0.25

AMEX Most Actives

Symbol	Vol.	High	Low	Last	Chg.
IBM	1,013,400	101.30	100.50	100.75	-0.25
Microsoft	1,013,400	88.50	87.50	88.00	+0.25
Intel	1,013,400	57.50	56.50	57.00	+0.25

Market Sales

Index	Today	Prev.
NYSE	2,160.06	2,184.14
NASDAQ	2,160.06	2,184.14

Dow Jones Averages

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

Standard & Poor's Indexes

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

NYSE Indexes

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

NASDAQ Indexes

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

AMEX Stock Index

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

Dow Jones Bond Averages

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

NASDAQ Diary

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

Advanced

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

Declined

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

Total

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

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Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

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Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

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Index	Open	High	Low	Close	Chg.
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Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

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Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

and save

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

Just call

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

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Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

EUROPEAN FUTURES

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

Metals

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

Financial

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

3-MONTH STERLING (LIPF)

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

3-MONTH EURO (LIPF)

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

3-MONTH POUND (LIPF)

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

3-MONTH FREEMARKET BOND (MATIF)

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

3-MONTH FREEMARKET BOND (MATIF)

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

Industrials

Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

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Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	101.30	100.50	100.75	-0.25

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Index	Open	High	Low	Close	Chg.
Indus	100.75	101.30	100.50	100.75	-0.25
Transp	100.75	101.30	100.50	100.75	-0.25
Util	100.75	101.30	100.50	100.75	-0.25
Comp	100.75	1			

Value quotations are supplied by the Funds listed with the exception of some quotes based on issue prices.

The marginal symbols indicate frequency of questionnaire responses (— = 100%, — = 90%, — = 80%, — = 70%, — = 60%, — = 50%, — = 40%, — = 30%, — = 20%, — = 10%, — = 0%).

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Herald INTERNATIONAL **Tribune**
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

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NASDAQ

Tuesday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Later	Open
A											
120	3	2	AA	1.00	4.00	15.00	100	118	116	115	114
115	2	1	AB	0.80	3.50	14.00	100	108	106	105	104
110	1	0	AC	0.60	3.00	13.00	100	98	96	95	94
105	0	0	AD	0.40	2.50	12.00	100	88	86	85	84
100	0	0	AE	0.20	2.00	11.00	100	78	76	75	74
95	0	0	AF	0.10	1.50	10.00	100	68	66	65	64
90	0	0	AG	0.05	1.00	9.00	100	58	56	55	54
85	0	0	AH	0.02	0.50	8.00	100	48	46	45	44
80	0	0	AI	0.01	0.25	7.00	100	38	36	35	34
75	0	0	AJ	0.00	0.10	6.00	100	28	26	25	24
70	0	0	AK	0.00	0.05	5.00	100	18	16	15	14
65	0	0	AL	0.00	0.02	4.00	100	8	6	5	4
60	0	0	AM	0.00	0.01	3.00	100	4	3	2	1
55	0	0	AN	0.00	0.00	2.00	100	1	0	0	0
50	0	0	AO	0.00	0.00	1.00	100	0	0	0	0
45	0	0	AP	0.00	0.00	0.50	100	0	0	0	0
40	0	0	AQ	0.00	0.00	0.25	100	0	0	0	0
35	0	0	AR	0.00	0.00	0.10	100	0	0	0	0
30	0	0	AS	0.00	0.00	0.05	100	0	0	0	0
25	0	0	AT	0.00	0.00	0.02	100	0	0	0	0
20	0	0	AU	0.00	0.00	0.01	100	0	0	0	0
15	0	0	AV	0.00	0.00	0.00	100	0	0	0	0
10	0	0	AW	0.00	0.00	0.00	100	0	0	0	0
5	0	0	AX	0.00	0.00	0.00	100	0	0	0	0
0	0	0	AY	0.00	0.00	0.00	100	0	0	0	0
0	0	0	AZ	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BA	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BB	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BC	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BD	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BE	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BF	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BG	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BH	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BI	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BJ	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BK	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BL	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BM	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BN	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BO	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BP	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BQ	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BR	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BS	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BT	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BU	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BV	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BW	0.00	0.00	0.00	100	0	0	0	0
0	0	0	BX	0.00	0.00	0.00	100	0	0	0	0
0	0	0	DY	0.00	0.00	0.00	100	0	0	0	0
0	0	0	DZ	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EA	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EB	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EC	0.00	0.00	0.00	100	0	0	0	0
0	0	0	ED	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EE	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EF	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EG	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EH	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EI	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EJ	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EK	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EL	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EM	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EN	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EO	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EP	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EQ	0.00	0.00	0.00	100	0	0	0	0
0	0	0	ER	0.00	0.00	0.00	100	0	0	0	0
0	0	0	ES	0.00	0.00	0.00	100	0	0	0	0
0	0	0	ET	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EU	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EV	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EW	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EX	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EY	0.00	0.00	0.00	100	0	0	0	0
0	0	0	EZ	0.00	0.00	0.00	100	0	0	0	0
0	0	0	FA	0.00	0.00	0.00	100	0	0	0	0
0	0	0	FB	0.00	0.00	0.00	100	0	0	0	0
0	0	0	FC	0.00	0.00	0.00	100	0	0	0	0
0	0	0	FD	0.00	0.00	0.00	100	0	0	0	0
0	0	0	FE	0.00	0.00	0.00	100	0	0	0	0
0	0	0	FF	0.00	0.00	0.00	100	0	0	0	0
0	0	0	FG	0.00	0.00	0.00	100	0	0	0	0
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Germany

In the East, A Feeling of Optimism

By Elisabeth Noelle-Neumann

ALLENSBACH, Germany — If you sent three reporters to Eastern Germany today with the question, "How would you describe the East German mentality and how would you say it has changed since reunification?" they would be very likely to return with three different answers — and all three would be correct. The first would describe the economic situation, the second would address attitudes toward democracy and the market economy, while the third would reflect a sense of national identity.

In the winter of 1989/1990, after the fall of the Berlin Wall, much was said and written about newly won freedom, about the tremendous experience of the "Monday demonstrations" in Leipzig and the sudden awareness throughout the nation that: "We are one people!"

As early as February 1990, however, public attention had turned to the economic aspects alone. While this was understandable initially in light of the monetary reform and economic union scheduled to take effect on July 1, 1990, the economy continued to be the only subject worth talking about subsequently. All efforts were devoted to the transformation of the socialist planned economy into a market economy and the race to catch up in terms of income, in order to match the West German standard of living as quickly as possible.

There was such an outcry over the collapse of many businesses, the loss of security that had previously been taken for granted, the increase in unemployment and the harshness of the competitive economy that the change in climate in August 1991 went unnoticed. At the time, the East Germans outdistanced the West Germans in terms of optimism.

Since then, East German response to the question, "Is it with hopes or with fears that you view the coming 12 months?" have consistently been 10 to 15 percentage points ahead of West German hopes.

Another question that has been posed each month by the Allensbach Institute since April 1990 reads: "As far as you're concerned, is German reunification generally a reason to rejoice or a cause for concern?" While the ratio of respondents who feel reunification is a "rea-

Continued on page 18.



Sources: German Federal Statistics Office, OECD, Bloomberg.

Recession Shakes Nation's Confidence

By Craig R. Whitney

BONN — The exuberant self-confidence and arrogance that made Germany's neighbors nervous when the country was remitted in 1990 has been shaken by the worst recession since the post-World War II recovery.

Few Germans talk much anymore about the "model Germany" they touted in the mid-1970s, when Bonn's welfare state, wage levels, and such things as 30 days' annual vacation for every factory worker were the envy of much of the rest of Europe.

From Chancellor Helmut Kohl to his Social Democratic challenger in the October national elections, Rudolf Scharping, German politicians these days are talking instead about the need to make their economy more competitive

by reducing government regulations and "enforced" labor practices that make production costs in Germany among the highest in Europe.

Britain's far less regulated economy has been growing for the past two years. Germany's gross domestic product shrank by about 2 percent last year and no one except the government expects it to rise out of the doldrums by more than 0.5 percent this year. Unemployment, hovering around 4 million, around 10 percent of the labor force, has not been so high since the 1930s.

The picture is not all black. "The Germans will make an economic comeback, don't you worry about that," Mr. Kohl said confidently a few weeks ago, and few doubt that they will. They have also resigned themselves to the fact that repairing the crumbling physical and

economic infrastructure of the five formerly communist states of Eastern Germany will cost the prosperous west about 170 billion Deutsche marks (\$100 billion) a year for the next 10 years.

But four years ago Mr. Kohl was saying that it would take only a wave of the hand and a few years to transform the east. It is not only the economic setbacks that have been chastening.

In the flush of unification, Germans heavily-handedly promoted national self-determination for others, dragging their European Community partners into recognizing Croatia and Slovenia at the end of 1991 without sufficient insistence on protecting the rights of ethnic minorities. Some German officials now acknowledge that their haste fanned Serb fears that led to aggression in Croatia and later in

Continued on page 18

Economy Is Top Issue As Elections Near

Will Kohl Be Out Before Upturn Comes?

By Brandon Mitchener

BONN — The German economy, Europe's biggest, is catching its breath for a recovery from its worst recession since World War II, but the government of Chancellor Helmut Kohl might not survive to see it.

After 12 years in power, Mr. Kohl faces the greatest contest of his political career as indications mount that the recovery will arrive well after federal parliamentary elections in October. Moreover, voters are painfully aware that the recovery, when it comes, by itself will be too slow to put the country's nearly 4 million jobless back to work anytime in the foreseeable future.

An experienced statesman who devoted much of his attention over the last few years to European integration, Mr. Kohl now faces a nation whose interests are singularly domestic: jobs, crime and taxes.

Economics Minister Günter Rexrodt predicts the economy will shake off recession and resume steady growth by the autumn, with pan-German growth amounting to 1.5 percent this year. But many private-sector economists are more reserved.

Recent data show economic activity stabilized in the first quarter after weakening toward the end of last year. Analysts at Goldman Sachs in Frankfurt cited a steady rise in business confidence and an improvement in new orders to manufacturing industry as evidence that the economy is likely to pick up in the second quarter.

"We expect the two main forces presently driving the West German recovery — construction and exports — to pull the gross domestic product higher in the remainder of this year and to lay the ground for an eventually broader-based recovery in 1995," Goldman said in a recent report.

Herbert Hax, head of an independent advisory board known as the five wise men, is convinced that the economy will bounce back in 1995 at the earliest.

As the economy gathers steam and inflation and interest rates decline, meanwhile, unemployment has entered the limelight as a nagging

Part II of the Germany special report will appear in Thursday's paper.

problem that won't go away whether the recovery comes now or later. "Despite the signs that the economy will turn the corner soon, the job market is in desolate shape," said Günter Kann, an economist at Deutsche Industriebank.

In March, 3.9 million Germans were registered jobless, including 2.64 million in Western Germany and 1.26 million in the East. Another 460,000 West Germans and 135,000 East Germans were working shorter shifts and thousands more were involved in government retraining and make-work schemes.

Albrecht Schmidt, a member of the board of Bayerische Vereinsbank AG in Munich, said a recovery will not completely compensate for the economic damage the recession has done. "It is in particular hardly to be expected that unemployment slip back to the level at which it rested before the recession began," he said. Before the recession, only about 2 million people were jobless in all of Germany.

Mr. Schmidt cited a variety of negative factors including continuing recessions elsewhere, German exporters' sluggish adaptation to a strong Deutsche mark and the level of German wages, which remain among the world's highest despite a recent turn toward austerity.

Only the economic condition of Germany's trading partners gives cause for hope anytime soon, Mr. Schmidt said, pointing out that the United States and some other export markets are already on the way to recovery.

New jobs in the service sector are making up for some of the cuts in industry, but not fast enough to keep the seasonally adjusted unemployment figure from rising for several more months.

Otherwise, the Bundesbank's reduction of interest rates has been agonizingly slow and may have stopped. Public-sector borrowing, which puts upward pressure on rates, has been growing relentlessly.

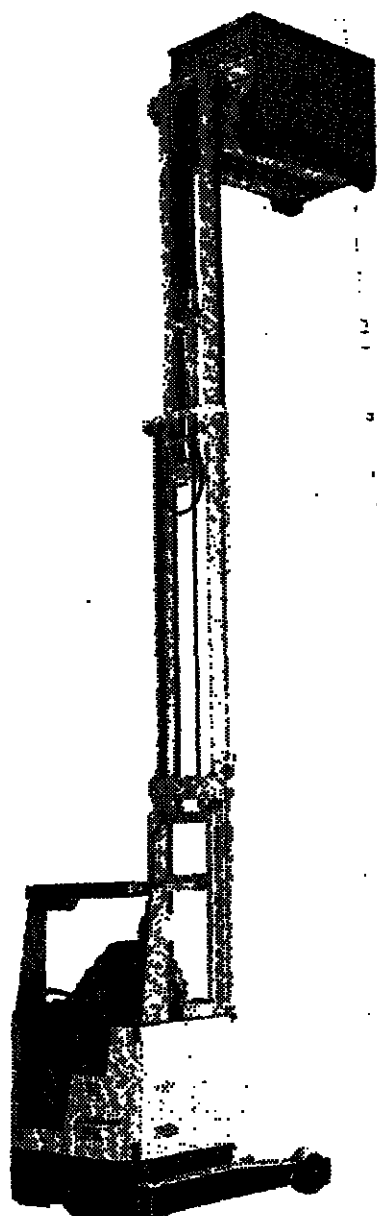
Brigitte Schulz, a political analyst at Nomura Research Institute Deutschland in Frankfurt, said the Greens "are the only ones trying to come up with fundamentally new answers to the unemployment crisis" and noted similarities between their economic program and that of the liberal Free Democrats, the junior partner in the current governing coalition.

Both parties are promoting deregulation, privatization, job creation and environmental protection. The main difference between them

Continued on page 18

What is the Pioneer in Warehouse Technology displaying at the Hanover Trade Fair?

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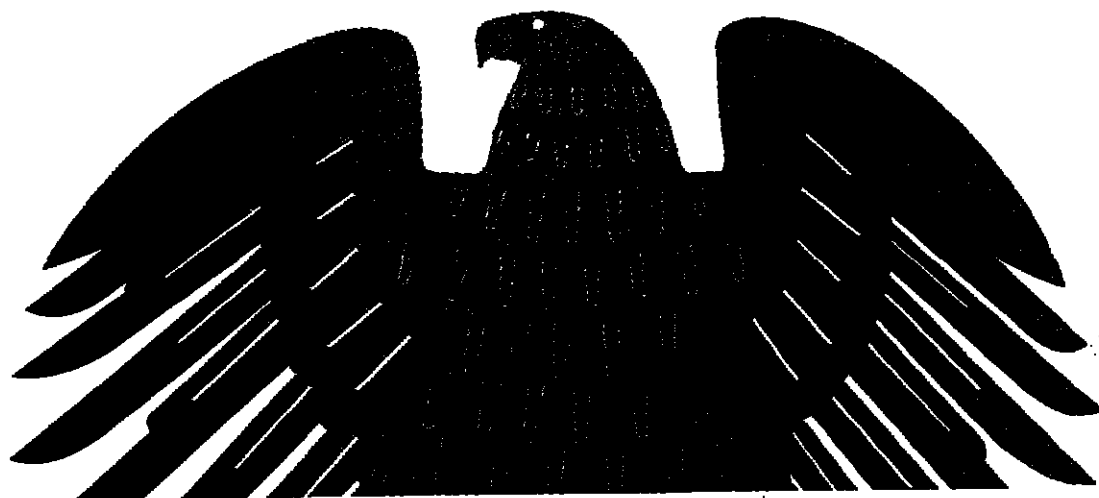
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Germany/A Special Report

Election Scenario: Key Is How the Free Democrats and the Greens Do

By Erwin Grandinger

BERLIN — Germany is holding 19 elections this year, including a presidential election scheduled for May 23. After the first two of them, there is some chance that the Social Democrats will be in and the ruling Christian Democrats will be out after the round of voting ends with federal elections Oct. 16.

But it is still too early to give up on the present CDU/CSU/FDP coalition government, as a recent rebound in approval rates for Chancellor Helmut Kohl and his CDU has shown after an announcement of possible tax increases by his opponent, the Social Democrat leader, Rudolf Scharping.

While a Grand Coalition wouldn't be perceived as necessarily negative, an SPD-Green Party coalition on the federal level would raise grave questions in and outside Germany. The Greens want to abolish the North Atlantic Treaty Organization and the German army, for instance. SPD/Green governments are quite normal on the state level, as in Hessen or Brandenburg, but at the federal level no one could predict the survival chances of such a government — which by definition would be

unstable, combining two parties with opposing political philosophies.

Mr. Scharping will make strenuous efforts to avoid this eventuality. Nevertheless, the October election results could oblige him to combine with the Greens or the CDU to form a majority in the Bundestag, or Lower House. In fact, Mr. Scharping watched the Greens' move back to the "fundamentalist" stance at the last party conference with disdain.

The former Bundesbank president, Karl Otto Pöhl, a longtime SPD member, is being wooed as shadow SPD finance minister. Such an appointment would add votes from the conservative electorate and calm financial markets that are jittery over an SPD federal victory. Most significantly for Mr. Scharping, having Mr. Pöhl, a strong critic of Bonn's excessive fiscal expansion of the early 1990s, on the team would finally lay to rest the suspicions of fiscal irresponsibility that dog his party.

What is not clear is how a Pöhl appointment could be squared with the private agreement last year that the SPD vice-chairman, Oskar Lafontaine, should be offered a "super ministry," heading both the economics and finance ministry.

June 12 is next crucial date on the German

political calendar. This marks elections for the European Parliament as well as for the government of at least one state and no fewer than nine local elections. By this time, just four months before the federal ballot, results will begin to foretell the outcome at the federal level.

The Greens will perform very strongly over the next few months despite their drift back toward a hard-line platform, and they may become the big winner of super election year 1994.

At the last party convention, in March, the "realist" wing, led by its highest-profile official, Joschka Fischer, who is the environment minister of Hessen, was defeated and members voted to abolish both the German army and NATO, to increase gasoline prices to 5 Deutsche marks per liter (\$12.45 per gallon) and to close all nuclear power plants immediately.

The liberal FDP party, meanwhile, is facing its deepest crisis since 1949. Since the Brandenburg elections on Dec. 5, the FDP has lost every state election it fought. In Hamburg and Lower Saxony it did not exceed the 5 percent threshold needed for political representation. It seems not likely, but there is some risk that the FDP may fail for the first time in the

postwar period to win representation in the Bundestag.

The FDP is in danger of confusing its fundamental electoral message. It lost the Lower Saxony elections because it made a last-minute swing toward the SPD, saying it would be willing to join the Left in a coalition government. Now, FDP members are criticizing Günther Rexrodt, the federal economics minister, accusing him of not being sufficiently aggressive in the discussion about Germany as a competitive production site.

Political insiders agree that the FDP leader, Klaus Kinkel, is overburdened because he is both FDP chairman and foreign minister at the same time. This has two consequences: A decrease in approval rates for the FDP and the creation of inner-party competitors for Mr. Kinkel.

Jürgen Möllemann, the former economics minister who had to resign because of a scandal in January 1993, has established himself as a rival and does his best to sabotage Mr. Kinkel's policies.

This quarrel will diminish still further the FDP's chances of overcoming the 5 percent threshold at the federal level.

The Social Democrats under Mr. Scharping, meanwhile, have been hurt by a suggestion that they would increase the unification surcharge they would increase the basic tax on the wealthy. This reflects the basic philosophy of the SPD economic program, which is to reform taxation by shifting the burden of income from the low-paid to the apparently wealthy. The plan to increase the surcharge tax was heavily criticized by the media and will cut into SPD support if it reawakens the electorate's perception of it as the party of higher taxes.

Throughout his whole political life, Mr. Scharping has sharply criticized the Greens and would no doubt prefer a coalition with the Free Democrats. As premier of Rheinland-Palatinate, he selected the FDP as coalition partner and not the Greens, despite the fact that the latter was a more acceptable coalition than the former was the grass-roots and that a "Red/Green" coalition already existed just

across the Rhine river in Wiesbaden, capital of Hessen. However, Mr. Scharping is too strewed a politician to approach the Greens now unless they make a sharp U-turn to seriously denounce their declared policies on the army and NATO.

Consequently, it is still too early to take a coherent view on the likelihood of a Grand Coalition. So far, the SPD has performed well and shrugged off the burst of popularity enjoyed by the governing CDU after its February party convention. The CDU is in crisis, but this will change as it always has shortly before federal elections.

The key factor determining the next government remains the fate of the Free Democrats. As long as their support holds, and they achieve the 5 percent threshold for parliamentary representation, the SPD faces a tough battle.

ERWIN GRANDINGER is managing director of Grandinger Associates, a Berlin-based political consultancy for financial institutions.

In the East, the Outlook Is Optimistic

Continued from page 17

son to rejoice" or a "cause for concern" is about 1 to 1 in Western Germany, joy wins out by almost 3 to 1 among East Germans. Only 12 percent of respondents in late 1993 said they would rescind reunification if it were feasible.

The most recent Allensbach survey, conducted in March 1994, shows that the economy is finally beginning to blossom in Eastern Germany. Sixty-seven percent of the East German population report that things are definitely looking up in their immediate surroundings; 61 percent say they have made gains thanks to reunification, while 25 percent feel they have lost out as a result. The standard of living, the level at which households are equipped, is by and large in line with the standard in Western Germany. The discretionary income of East German households has increased by leaps and bounds and is now almost at West German levels.

If asked how the mentality of the East Germans has changed since reunification, a succinct response would be: "Not at all." The economic transition, the adjustment to the more generous West German social security system (pensions have almost tripled within four years), the transformation of private lifestyles — all of these changes have occurred without a rejection of socialism and a turn to parliamentary democracy.

The question, "Do you think that socialism was a good idea that was badly implemented?" drew almost exactly the same responses in Eastern Germany in December 1992 as in the spring of 1990 in what was then the GDR: About three-fifths of the East German population felt this was true, 24 percent did not believe so, and one out of five was undecided.

The market economy is viewed with great reserve. As was the case in all socialist countries around the world, in the former GDR the market economy was merely a symbol of a high standard of living. In the first Allensbach interviews in March 1990, almost the entire population expressed support for the market economy.

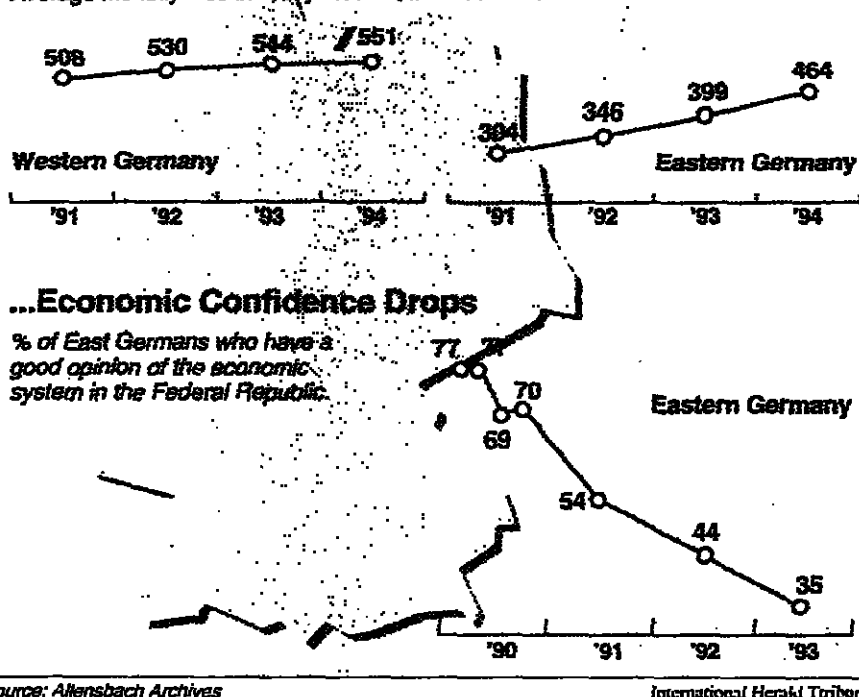
But only six months later, in the fall of 1990, a growing desire for a utopian "third course" was evident, as shown by the following question: "Recently somebody said to us: 'With reunification, a real chance was lost to create a new form of government that combines a market economy, humane values and socialism.' Would you also have liked a new form of government, or are you quite satisfied that the Federal Republic's form of government was the best?"

In the first year following reunification, the East German population was split on this question, with about 40 percent on each side. Today, almost half of the East German population would prefer a form of government in

An Eastern Paradox

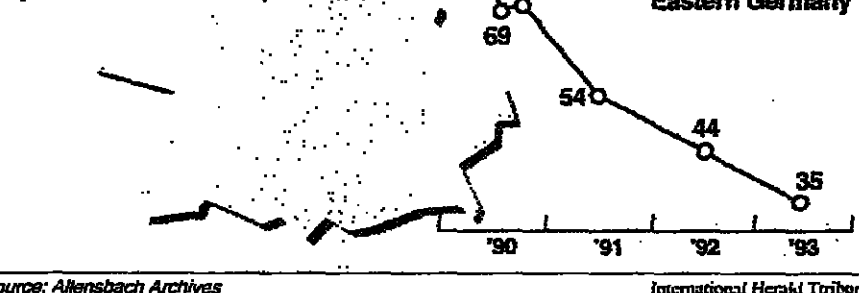
As Average Income Rises...

Average monthly discretionary income, in Deutsche marks.



...Economic Confidence Drops

% of East Germans who have a good opinion of the economic system in the Federal Republic.



Source: Allensbach Archives

International Herald Tribune

which a market economy, humane values and socialism are combined and only one-third still feel that the market economy is the proper foundation for politics and society. No thought is given to the question of how an economy works and how it finds the reserves to transfer about 500 billion Deutsche marks (\$300 billion) from the West to the East to rebuild the new East German states.

Similarly, the East Germans' commitment to democracy is now on shaky ground. In 1990, it looked as if parliamentary democracy would be accepted by the population as a matter of course. For decades, the East Germans spent evenings in their living rooms watching West German television, which seemed to explain the seemingly effortless transition to the West German democracy. But then uncertainty set in.

better? — three-quarters of the West German population have said for the last 25 years that "our democracy is the best form of government," with only 10 percent disagreeing. In East Germany, 41 percent felt it was "the best form of government" in the fall of 1990, as compared with only 31 percent today. The percentage of persons who feel that "there is a different form of government that is better"

rose from 19 percent in 1990 to 28 percent in March 1994. There is widespread uncertainty: Today, 41 percent of the East Germans say they "don't know." The problems inherent in the transition to democracy after 50 years of dictatorial rule have been underestimated.

This portrayal would be incomplete if the third essential element were not considered: They may not hold the same opinions, but as far as their natures are concerned, as well as their views on the meaning of life and the things they feel they can take pride in as Germans, East and West Germans are as much alike as brothers and sisters. The "wall in their heads" after the fall of the Berlin Wall is a stereotype created by journalists and not a reflection of reality. And thus, out of 20 concerns that the Allensbach Institute has asked respondents about every month since the spring of 1990, the possibility of "tension breaking out between East and West Germans" has always ranked last or second to last.

ELISABETH NOELLE-NEUMANN is director of the Allensbach Institute for Public Opinion Research in Allensbach, Germany.

Continued from page 17

is a more interventionist attitude among the Greens, who advocate "post-materialist," "zero-growth" economics.

Amid an array of evidence that job creation will remain a problem no matter who wins the election, not a few economists are noting that German exports, a traditional pillar of the nation's economy that performed poorly in 1993, are buoyant again. Foreign orders for West German consumer goods rose 9.3 percent in January and February this year relative from the year-earlier period, and though they include orders from Eastern Germany, the numbers are strong enough to suggest that the widely reported demise of German competitiveness was premature.

German products may well be over-engineered and overpriced when the mark is at 1.5 or less to the U.S. dollar, but at the current level of 1.7 and higher, combined with a steady

appreciation of the Japanese yen, it seems that overseas demand for German goods has suddenly bounced back.

In addition, German companies have awakened to the potential of booming markets in Asia. Exports to the region surpassed exports to North America in 1992, and companies' efforts in Asia got even stronger in 1993.

Domestic demand, meanwhile, is considered likely to remain sluggish as consumers remain worried about job security, declining real wages and uncertainties related to the federal parliamentary elections in October.

Rudolf Scharping, the SPD candidate for chancellor, has been taking pains to define himself and his party as a viable alternative to Helmut Kohl, who has ruled the country for the last 12 years. "There's a deep disappointment with the economic policies of the federal government — if it has any, which I deeply doubt," he said in a recent campaign appearance.

"A lot of people are watching with astonishment as the SPD is returning to the political center," he said.

But what would the SPD do differently? Try to strengthen "cooperation" between government and business, boost incentives for investment in Germany, earmark more funds for research and development assistance and "modernize" the German social state, Mr. Scharping said.

While many of these proposals sound familiar, and some suspicious, pollsters show Mr. Scharping running neck and neck with Mr. Kohl.

Significantly, voters give Mr. Scharping better marks on tackling unemployment, according to Elisabeth Noelle-Neumann, head of the Allensbach Institute of public opinion research. While the CDU still gets better marks for overall economic competence, "the population doesn't see that unemployment and the overall economic development go hand in hand," she said.

BRANDON MITCHENER is Frankfurt correspondent for the International Herald Tribune.

Recession Shakes Nation's Confidence

Continued from page 17

Bosnia, with catastrophic results.

Germans can do no more about the economic and political weight they carry than their present chancellor can about his imposing physical size, but at least they try to tread more cautiously nowadays.

Even so, Foreign Minister Klaus Kinkel's vigorous insistence this winter on bringing Austria, Norway, Finland and Sweden into the European Union for what Germany believes is much needed fiscal "balance" against the poorer Mediterranean states made French diplomats, among others, uneasy.

Mr. Kinkel vigorously denied reports that during the negotiations on admitting them, he had threatened to break the backs of Spanish delegates unless they eased up on their demands for fishing rights in Norwegian waters. But there seemed little doubt that Greece's weak EU presidency in the first half of this year played into the hands of the Germans and others who favored rapid enlargement, and that they made the most of the opportunity.

Germany will take over the EU presidency on July 1, and has already made clear that it will press for membership by the turn of the century for Poland, the Czech Republic, and Hungary — near neighbors that it dominates economically.

Militarily, Germans have been more reticent — too much so for Americans who welcomed the logistical and financial support Bonn provided during the Gulf War in 1991, but would have welcomed troops fighting by their side as well.

Now the Germans say they cannot provide

ground troops to help UN peacekeeping forces in Bosnia, or anywhere else where actual fighting is going on until the issue of whether peacekeeping missions beyond Germany's borders violates the 1949 constitution has been resolved. Mr. Kohl's government sued itself in the German Constitutional Court to get a decision and in the meantime has allowed German military personnel to fly in the air-control missions that guided NATO bombers into action over Bosnia. It also sent 1,500 soldiers to a pacified region of northern Somalia last year, but withdrew them when President Bill Clinton pulled U.S. troops out of Mogadishu.

Provided that the court rules in June that such roles do not violate the constitutional ban on wars of aggression, Mr. Kohl says he is ready to make sure Germany does its bit. Mr. Scharping says much the same thing. "I have the feeling that enthusiasm for missions like Somalia has sharply diminished, in the United States as well," he said recently, but during a visit to the United States in April he gave his strong support to NATO air strikes in Bosnia.

Mr. Scharping and many other Germans also believe that they will continue to need to be aware of the sensitivities of the victims of Nazism for years to come, even after his own postwar generation comes to power.

But as the war becomes more distant, Germany will inevitably become increasingly inclined to pursue the German national interest as its leaders see it.

This clearly means within the European Union context. But professions that German leaders want a European Germany rather than a German Europe will not reassure those like Lady Thatcher of Britain, who tried to hold up unification when she was prime minister.

The real proof of where German loyalties lie may become clear over the issue of European monetary union. Here the question is whether, in 1997 or later, Germans are willing to let other countries help determine Germany's economic future by surrendering monetary sovereignty to a European central bank that they can only influence, not control.

"We cannot be a central bank for Europe," said Hans Tiemeyer, president of the Bundesbank, when he took office last October, when the ideal of a common currency seemed to be shipwrecked on the shoals of German insistence on giving the fight against inflation priority over economic expansion.

Achieving prosperity and creating jobs will be the economic priority for whatever government is elected in October, and both politicians and labor union leaders know it will be a long, hard task.

German politicians and even labor leaders talk these days about how to cut the high cost of labor so that the quality and craftsmanship they still pride themselves on is not simply priced out of the global market. This year, the major German labor unions have agreed to wage increases of less than 3 percent, less than anticipated inflation.

It may be the first sign of a new, sober economic realism that the biggest change unification brought was the challenge of adapting to a totally new world — economically, politically, and psychologically.

CRAIG R. WHITNEY is Bonn bureau chief of The New York Times.

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Germany/A Special Report

Bonn Seeks Expanded Function for Bundeswehr

By Joseph Fitchett

WASHINGTON — Even faster than predicted at the moment of reunification, Germany's military forces are being restructured to a full-fledged international role in NATO and the European Union.

Ahead of national elections this fall, political leaders of the three principal parties are counting on a court ruling by summer to lift the main legal roadblock to German troops' participation in United Nations operations.

That legal shift, combined with current steps to restructure the Bundeswehr ground forces, will align Germany much more closely with its European allies and with NATO in its new U.S.-led role as an intervention force.

Even though it will take several years for Germany to field militarily potent forces, the new political posture will strengthen the government's hand in forging European policies and reinforce Bonn's claim to a permanent seat on the Security Council.

The ruling in the Karlsruhe court will help political leaders out of an embarrassing dilemma, probably enabling the main parties to agree to commit German troops to action with a simple majority vote in parliament.

That would end the political gridlock in Bonn on the question of whether or not a constitutional amendment is needed to lift the post-World War II ban on German troops operating outside Western Europe.

"Unsettled questions will remain, enough for campaign debates to show differences between the two main parties, but negotiations are that the main legal question will have been settled by the court ruling," according to Henning Wegener, an aide to Chancellor Helmut Kohl with

extensive experience in Allied military affairs.

Lifting the legal objections to foreign operations by the German military forces does nothing tangible to ready the Bundeswehr to operate effectively in crises of the sort liable to confront allied nations in the foreseeable future.

Drastically down-sized as part of the reunification accord in order to reassure other European countries about the power of a fully sovereign Germany, the Bundeswehr is handicapped by deep cuts in defense spending — especially for new weaponry, on which Germany is now spending only half as much as either France or Britain.

This shortage of funds will slow up the implementation of the blueprint released last month for the future armed forces of Germany. The goal, officials said, is to reorganize the Bundeswehr in a way that allows crack German units to undertake new missions alongside their allies and still leaves a home army as a defense guarantee against any revived threat from the East.

The key innovation is the creation of highly mobile units designed to operate far from Germany, the Crisis Reaction Force, similar to French and British teams designed to fit into NATO's concepts of rapid-reaction forces to deal with any emergency that jeopardized European stability.

Germany's nascent force will consist of five brigades, amounting to 50,000 men and the equivalent of two divisions — roughly the same troop strength committed to NATO's rapid-reaction force by the other main allies. Unlike British and French units, however, German forces were so totally integrated into the NATO system that they had no national command structure of the sort they will need in the new alliance approach to expeditionary missions on Europe's periphery or in the Middle East and Africa.

For this new role, "our forces lack the command structure, the right weapons, the training," Mr. Wegener explained. As a result, Germany will need at least until the end of the decade to be ready to play a full military role alongside France and Britain, the two most active U.S. allies in Europe.

Even so, the impending legal shift, ending a ban imposed after World War II that is incompatible with Germany's return to full sovereignty — is a welcome development for politicians in Bonn and for allied leaders.

Germany's political parties are anxious to get in step with the growing public mood, which is ahead of the party leaders' in seeking a larger role for the nation's military.

German opinion, alarmed by the Balkan turmoil on their borders, shows a steadily rising trend in the five years since unity in support of full participation in all UN missions — and in support for the North Atlantic Treaty Organization, which has now recovered to Cold War levels of 70 percent of Germans, polls show.

Scanting a chance at power, opposition Social Democrats are staking out electoral positions designed to depict them as reliable leaders who can be trusted by both voters and allies to continue the main thrust of the security policies pursued by the ruling Christian Democrats.

For Mr. Kohl's coalition, it would be a considerable relief to have a court ruling that backs the government's decision to dispatch German units to UN peacekeeping missions in Cambodia and Somalia and allow German crews to fly the Airborne Warning and Control System, or AWACS, planes guiding NATO fighter strikes in Bosnia.

Besides vindicating his policies, a favorable verdict would end friction inside Mr. Kohl's own government because of objections by his junior coalition partner, the

Liberals. Heirs to the cautious approach of Hans-Dietrich Genscher, the former foreign minister, the Liberals insisted on the need for a constitutional amendment clarifying the issue.

That would require a two-thirds parliamentary majority, a political impossibility because so many Social Democrats still hold near-pacifist objections to a new military role for Germany. But if the Karlsruhe court ruling does endorse the Kohl government's view that no constitutional objection exists, the Liberals can side openly with their Christian Democratic partners.

The change would be unreservedly welcome in Washington, where the Clinton administration has actively sought to see a larger military role assumed by Europe — in effect, by Germany.

Other Europeans, notably the French, will have to accept the disappearance of another shackle on German authority. "There will be some nagging doubts in Paris because Germany is assuming a larger role faster than most people expected, but the change is inevitable if Europe is to acquire a defense dimension," according to François Heisbourg, a French defense authority.

For example, the change will suddenly give substance to the Franco-German corps — a 50,000-strong joint force conceived as the embryo of a European army. So far, the Franco-German corps has been only a political ploy — "virtual reality," Mr. Heisbourg called it.

But if German troops could expect to serve on actual missions, as part of a European force carrying out UN missions, the Franco-German corps "could become serious business quite fast," Mr. Heisbourg said.



A German pilot in Turkey during the Gulf War, the country's first postwar military role.

JOSEPH FITCHETT is on the staff of the International Herald Tribune.

Bittersweet Farewell to Arms

By Michael Kallenbach

BERLIN — Saying goodbye, even at the best of times, is a painful experience. But an unexpected bitterness is marking the plans for departure of foreign troops from Berlin this summer, thanks to political rivalries.

Chancellor Helmut Kohl, who is going to stay in office after poor poll showings ahead of October's elections, has seized the occasion or his own political gain. He has decided to personally supervise the entire Allied troop withdrawal ceremonies and has told his aides to arrange nothing without his approval. In a grand symbolic gesture, he has even promised to shake the hand of the last Russian soldier before he departs German soil.

Under the terms of reunification, the three Western Allies that protected the former West Berlin since the end of World War II can only leave once the last Russian soldier is gone.

In taking the actual arrangements out of the hands of Berlin, here in almost 50 years, the Allies have become part of the community, he has in the process angered the local mayor, Eberhard Diepgen.

As one Berliner complained: "It is as supposed to be Berlin's way of saying *auf Wiedersehen* and thank you to the soldiers who have protected us over the years. It wasn't intended for the Bonn politicians to move in on the arrangements."

Horst Dohm, the mayor of West Berlin as even more insistent. He said "I don't like what they're doing in Bonn, and whatever their decision, we'll have our very own way of saying farewell." Subsequently, various companies and politicians have banded together to arrange a

series of unofficial events so that the locals can mingle with the soldiers before they leave.

Few commentators expected the Allied departure to take on the added political dimensions. It all began last November when Mr. Kohl was in Moscow and was told by President Boris N. Yeltsin that the departing Russian troops were not to be accorded second-class treatment.

Mr. Yeltsin will visit Germany twice this year — once in May, and then again in August for the departure ceremony that will honor the Russians stationed in what was once East Germany.

"Why shouldn't we march next to the U.S., British and French troops?" insisted General Matwey Burjakow, Mr. Yeltsin's top official in eastern Germany. "The cold-war era is over."

But the Western Allies would have nothing of it. After all, they argued, the cold-war era may well be over, but the Western Allies were in Berlin for a different purpose than the Soviets. "We weren't the occupying power and the former Soviet Union was our enemy," said an American military man. After World War II, the three Western Allies — the United States, Britain and France — were given responsibility for various sectors of West Berlin, powers that ceased to exist with unification in October 1990.

The Americans led a campaign to push the Russians to have their own farewell ceremony. The French, too, were upset, saying they were not willing to sneak out of Berlin "quietly" after making so many friends here. Meanwhile, the British diplomatically pointed out that it was up to Bonn to tell them what to do.

"Our marching bands and men will be ready," said Brigadier David Bromhead, head of the British Brigade stationed in Berlin, "but the decision is not up to us. We have to wait for instructions from Bonn. After all, we're only guests here."

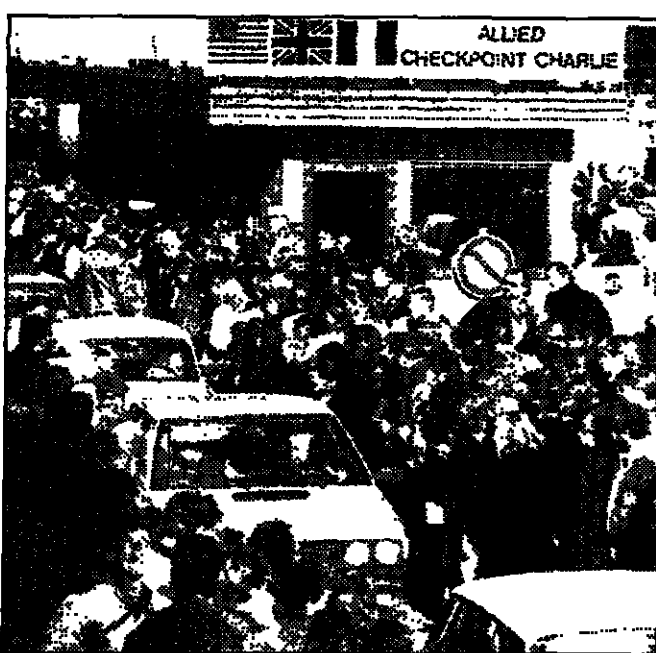
But the instructions were not forthcoming as Mr. Kohl's advisers pondered what to do for weeks and how best they could placate the Russians. When the announcement came, it was from Mr. Kohl himself, shortly before Easter.

Two separate ceremonies, one for the Russians and another for the three Western allies, were agreed on. So as not to offend the Russians, there will be no marching bands. Mr. Kohl said, no holding hands under the Brandenburg Gate and no walkabout on the Unter den Linden, the famous Berlin boulevard. The Bundeswehr, the German army, which was absent from Berlin until the fall of the Wall, is also upset since the soldiers wanted to make themselves better known to the locals and take part.

With so many "sensitive" sites in Berlin associated with the Third Reich era, Mr. Kohl has opted for a wreath-laying ceremony at the Luftbrücke Memorial at Tempelhof Airport, the site commemorating the 1948 Berlin airlift, which enabled the West Berliners to survive an 11-month blockade imposed by the Soviet Union.

There will also be a ceremony of speeches with music at the Schauspielhaus in East Berlin. The final farewell, a *Zopfensreich* or military tattoo, will follow at sunset. This too is controversial since it was favored by Hitler. This will be performed by the German army, which will carry burning torches.

President Bill Clinton, who visits Germany in July, will not follow Mr. Yeltsin's example and return



for the ceremonies in August; instead he is likely to send Vice President Al Gore, with Prime Minister John Major of Britain and President François Mitterrand of France will be in attendance.

The German violinist Heinz Mertens, who put together a Prussian-style march for Mr. Clinton's inauguration ceremony, has composed a "Farewell Friends" march for the departing Western Allies on Sept. 8 that will be performed by musicians from Bonn.

The Allies are also making sure they say good-bye in their own particular fashion. The French had their own farewell in March: Prince Charles came to Berlin for the day on May 27 to say adieu to British troops and mark the Queen's birthday parade, while the American military will use July 4 as their day to fly red, white and blue balloons over the city.

Joel Levy, an official at the American Embassy in Berlin, said, "We are pleased by the sentiment expressed by Berliners which demonstrates the fondness they clearly feel for the American troops who have served in this city for nearly five decades. We hope, and plan, to continue the special relationship between Americans and Berliners after the withdrawal of the troops, although naturally it will be in a different form."

The sentiment is echoed by a British diplomat who pointed out that the cooperation between Berlin and the three Western Allies had been "unique" and "it would be a pity to spoil it all because of upturning around the wishes of the Russians."

MICHAEL KALLENBACH is a journalist based in Berlin.

Angst Over Leadership Role

Can Germany Avoid 'Muddling Through'?

By David Anderson

BERLIN — The experts who had long predicted that Germany would be divided well into the 21st century were proven wrong in November 1989, when the German nation became one. No senior German statesman, entrepreneur or academic was prepared for this revolutionary turn of events.

Whatever contingency plans existed in the drawers of the top politicians, economists, scholars and think-tank experts were written for worst-case scenarios — Soviet invasion of Western Europe, further repression in Eastern Germany, etc. Nobody had planned a best-case scenario.

These events brought real confusion to Germany. Those who looked beyond the early post-Wall euphoria foresaw the economic burdens that would fall upon the Federal Republic of Germany (but not the extent of those burdens); they understood that a nation divided for over 40 years would not be easily put together in political or social terms.

And, while they were aware of the Stasi spy networks, they had no concept of the thousands of East Germans who were caught up in that system, wherein relatives, friends, neighbors, colleagues regularly spied upon each other. Most important of all, the West German elite had no idea just how bankrupt, rotten and run down the entire GDR economic system actually was. And, sadly, in the end they found no natural "democrats" who could manage the affairs of the former East Germany. All of its politicians were discredited.

But as the economic implications of unification became clear, what had begun as a fairy-tale ended with the witches and goblins winning out.

The West Germans, angry and frustrated over higher taxes to support the run-down East German economy, think the East Germans do not work hard enough and do not produce on a par with their West German counterparts. Complaints of the East Germans over the differentiated wage structure abound. Unemployment, ever the sore point of any industrial society that has fallen on bad times, is too high. The recession will not go away. And there is a need for a profound and early restructuring of the German economy as a whole.

These issues, enough to stir a national debate, find few German politicians of any party or any stature ready for this sharp discussion.

Reunification is running into serious difficulties just when Germany needs to remake its economy so as to be able to compete with the Americans and Asians. Germany is facing its worst economic times since World War II, just when it achieved its almost unimaginable goal, the unification of the nation.

The West German economy was already stumbling when the West Germans tried to export to the ex-GDR their own version of a market economy — with relatively high wages, a social network and a can-do mentality — to a population that simply had no comprehension of what the "Westies" meant or wanted.

Unemployment, especially among the young in the new *Länder*, is unacceptably high. Restructuring of the German economic base is still in its early years. Inflation is acceptable by any normal Western standards. (Only the Bundesbank seems to think otherwise, but that is another story.)

These economic problems make Germany look weak, leaderless and without a vision for the future. When the leading country in Europe is in such a situation, one has little difficulty in understanding the angst that afflicts all Germans and Germany's neighbors and allies.

WITH the economy in trouble and no clear solution in sight, politicians and political parties have become the focus of widespread popular criticism.

The leaders and their parties seem unable to cope. If there is any factor that will tumble politicians out of office, it is the feeling by voters that their chosen leaders cannot solve pocketbook issues.

Germans are also facing pressure because of their huge foreign population. Recently passed changes in the asylum laws will surely cut back significantly on the number of asylum seekers, but will not change the fact that Germany is already a country of immigration. There are 6.5 million immigrants in Germany and still some 3 million ethnic Germans in Eastern Europe and the former Soviet Union.

Rising immigration in the early 1990s brought an upsurge in xenophobia, acts of violence (including 17 persons killed and almost 600 injured in 1992) and an increase in popular sentiment in favor of the neo-Nazi and right-wing parties. Where this will lead in the 1994 elections is an open question. But the right wing of the German political spectrum is at present gaining support.

Conversely, the former East German SED (now PDS) that was so thoroughly in disrepute only a few years ago is reemerging as a political force in the East. It is not unthinkable that some 10 to 15 percent of the population of the former GDR — if not more — will vote for the old and new faces in the PDS. This is not catastrophic since that group will, at best, have a small minority in the Bundestag. But it is worrisome that the old SED seems capable of evoking among many ex-GDR voters memories of the "good old days."

Thus the October national election is likely to

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Kajo Neukirchen: "METALLGESELLSCHAFT VIEWS ITS FUTURE WITH OPTIMISM."



"Three months ago, the Metallgesellschaft group began implementing a comprehensive restructuring plan. This plan constitutes the first step of what no doubt will be a long and difficult path. Within a very short space of time—three months—the plan's key measures have been initiated. They are already beginning to show results. The plan's successful launching gives us at Metallgesellschaft good reasons to view the group's future with optimism."

These remarks are from Dr. Kajo Neukirchen, who has been chairman of the board of directors of the Frankfurt-based Metallgesellschaft AG since the end of 1993. To present the various features making up the restructuring plan, Neukirchen first details the course of events necessitating its implementation.

As he explains, Metallgesellschaft Corporation, a group subsidiary based in

New York, incurred massive losses from its oil trading activities. These losses had a direct, negative impact on the results of Metallgesellschaft AG. In financial year 1992/93, this encumbrance on group results amounted to DM 770 million. During the first few months of 1993/94, the dimensions of the oil-related losses grew steadily, causing a further group loss of DM 1.5 billion—thus posing a threat to the very existence of the group.

It was at this point that a new board of directors was appointed to Metallgesellschaft AG. "The immediate task at hand of the company's new management," Neukirchen states, "was to staunch these losses by substantially curtailing the group's trading positions. This has been accomplished, as has been the formulation of a new hedging policy. This policy has been in force for several weeks, and is already proving to be a positive factor. In the years to come, we will continue to work constantly and intensively on eliminating or reducing any risks ensuing from long-term contracts," adds Neukirchen.

As Neukirchen points out, the name Metallgesellschaft was long a byword around the world for corporate viability and profitability. The long-term objective of the company's new board of directors is to restore the group to this position. To achieve this objective, the directors put together a comprehensive restructuring plan addressing both the group's current financial situation and its ongoing business operations. In view of the company's critical situation, this was carried out in a commendably short period of time. This plan was approved by the group's shareholders at two AGMs, one held in February and the other in March of this year. The successful launch-

ing of this plan, which fully provides for the DM 2.3 billion in losses incurred in the group's American oil trading activities, has secured the continuing existence of Metallgesellschaft AG.

A major part of the financial restructuring has involved Metallgesellschaft's securing of DM 2.7 billion in new share capital. The influx of new funds has put an end to the previous situation, in which group liabilities temporarily exceeded assets. The funds have also given the group an adequate base of shareholders' capital for future operations.

Another target of this restructuring has been improving the financial side of daily operations. To provide the group with an acceptable level of profitability—the yardstick of corporate viability—a wide range of steps designed to reduce costs and improve liquidity have been carried out. These steps, in turn, have formed part of the reshaping of the group as a whole.

Through the enacting of these measures, expenditures for materials and for other items have been trimmed by some DM 500 million each. To lower personnel costs by some DM 550 million, the plan foresees that the total workforce size will be reduced by some 7,500 persons.

A further aspect of this plan features the recasting of the group's basic structures and of its approach to managing its businesses. Metallgesellschaft AG currently has a dual, mixed role within the Metallgesellschaft group. The company is directly involved in a number of business areas, including industrial engineering (through its Lurgi division), chemicals (Sachtleben) and trading. In addition, Metallgesellschaft also holds a large number of equity stakes in German and in non-German companies. These companies are active in manufacturing, raw materials processing, services and

other areas.

Drafted during the first days of the restructuring process, the plan defines the future role of Metallgesellschaft AG to be that of a holding company. It will set group-wide objectives, plot the course of group development and ensure that individual companies' policies adhere to them. One consequence of Metallgesellschaft AG's concentration on this single role will be the necessity to tailor existing human and capital resources to meet this new situation. On March 30, 1994, Metallgesellschaft AG's shareholders approved this plan.

To implement it, Metallgesellschaft AG's two main operative divisions—industrial engineering (Lurgi) and chemicals manufacturing (Sachtleben Chemie)—were constituted as legally independent subsidiaries of Metallgesellschaft, which holds in direct and indirect possession all their equity capital. This move was made retroactive to October 1, 1993. Under current consideration is also the spinning off of the company's other operating divisions—and especially its trading sector—during the course of the 1994/95 financial year.

The idea behind these moves is to strictly separate two very different kinds of responsibilities. One is the task of guiding the group, the other, those associated with managing its individual businesses on a day to day basis," says Neukirchen. "The holding company has been entrusted with the former. It will formulate the strategies and policies affecting the group as a whole and determine its course of development. It will be responsible for monitoring the operating results of individual group members and for the deploying of group financial resources to their maximum effect," Neukirchen explains. This new structure

will enhance the group's operating efficiency and output by making it more flexible and comprehensible. The "new" Metallgesellschaft group, Neukirchen explains, will feature leaner administrative structures and flatter hierarchies.

The restructuring plan's overall objective is to reconstitute the group into one active in coherent, "core" areas. To define what constitutes the group's "core" activities, Metallgesellschaft AG's board of directors first formulated a set of criteria. These criteria were then employed to conduct an in-depth and comprehensive evaluation of the group's equity portfolio. This evaluation was commenced a few weeks ago. It has already produced its first concrete results. The acquisition of Korf GmbH by Brazil's Gerdau Group removes Metallgesellschaft from the steel rod manufacturing business. By selling its holdings in Methanex Corp., Metallgesellschaft has also gotten out of methanol manufacturing. All told, the restructuring plan foresees such disinvestment activities generating a total of some DM 1 billion; these two sales have yielded roughly one quarter of that amount.

Further disinvestment measures include the agreement reached by the group and the Dana Corporation of Toledo, Ohio. This agreement stipulates that Dana will acquire Metallgesellschaft AG's 47% stake in Kolbenschmidt AG. Metallgesellschaft AG's board of directors has placed a high priority on finding a solution to the problems arising from the group's smelting activities.

These measures have stocked the group's supply of available funds. To further augment this supply, the group has taken a number of other actions. One of them: the group's capital investment budget, originally set at some DM 1.1

billion for financial year 1993/94, has been cut in half. "The guiding idea behind our restructuring plan is to implement measures which increase our assets' market value. This idea is a direct manifestation of group management's stated policy, which is to maximize shareholder value whenever and wherever possible," emphasized Neukirchen. "All these measures have served to strengthen the group. The costs associated with them thus represent a sound investment for our shareholders," he added.

The final point addressed by Neukirchen was the group's performance in the current financial year, now in its fifth month. To date, the Metallgesellschaft Group has realized a pre-tax profit of DM 55 million. Some DM 21 million higher than the previous year's result for the same period, this figure does not incorporate Metallgesellschaft Corporation's results, nor does it include the costs arising from interest payments on credits going to cover group losses. Also showing improvement has been the operating profit figure, which amounted to a loss of DM 50 million in the period under review, up from the previous year's DM 80 million deficit.

Neukirchen's conclusion: "Metallgesellschaft AG's directors assumed their positions a few weeks ago. During this short period of time, we have managed to make significant progress in a wide area of fields. Another significant event has been the approval by our creditor banks and shareholders of the directors' restructuring plan. These developments make me confident that Metallgesellschaft is well on its way to once more becoming a company eminently able to operate profitably on the world's highly competitive markets."

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Germany/A Special Report

Challenge for Industry: Fostering Growth and Innovation, and New Jobs

By Konrad Seitz

ROME — The German economy in the 1990s is comparable to the American economy in the 1980s. Then, U.S. industry, under the relentless pressure of Japanese and Asian competition, began a massive restructuring process. Today it is on top again.

Is there a chance that German industry will now repeat the American success story?

For decades, the German economic and social system had been regarded as a model. Michel Albert spoke of "Rhine capitalism" being superior to Anglo-American capitalism. Indeed, over the second half of the '80s, the German economy had been growing faster than the U.S. economy. Its exports were the highest in the world, and in 1990 its trade surplus even surpassed that of Japan.

The German system was also realizing two goals that are normally in conflict: a highly competitive economy and a highly developed welfare state.

Now the party is over. Since mid-1992, Germans have awakened to a severe recession and are realizing that, this time, they face not a normal cyclical recession of their economy, but a structural crisis.

On the threshold of the information age, the core of the economy is still the same industries that provided the economic miracle after the war: machine-building, autos, the electromechanical industry, chemicals. But these industries have now come under attack. They are challenged at the high end by the Japanese, and at the lower levels by the newly industrialized countries of Asia and Latin America. Soon Eastern Europe will join as competition.

Germany thus finds itself in the situation of a company that has been highly successful in the past but is now realizing that its mature products, have peaked, and that there are not enough new products to power growth in the future. In the same way, the Germans are now discovering that they lack the new growth industries that could take over from the old heavy industries in supporting a high rate of employment, the highest wages in the world and the highest standard of social security.

Germany is underdeveloped in key industries of the information age: semiconductors, computers and software, consumer electronics, information services, entertainment industries, as well as biotechnology, which will become one of the great industries of the 21st century.

The classical industries are responding to the new competitive pressure by U.S.-style restructuring. They are adopting and adapting the

Japanese system of lean production. They globalize, they build plants in America and they shift low value-added production to low-wage countries in Eastern Europe and Asia.

Many companies right now are achieving productivity jumps of 40 and 50 percent. The outside world has not yet fully grasped what a massive change is going on in German companies. The unions, equally, are doing a lot of rethinking. They are agreeing to more flexible working hours and they are tolerating a lowering of real wages. The government, too, is privatizing Deutsche Telekom and the railroads and is beginning, if timidly, to deregulate.

There seems to be little doubt that German industry will emerge from the current restructuring lean and clean and price-competitive again. As regards competitiveness in technology and innovation, Germany's classical industries are still the world leaders.

No other industrial nation has a comparably wide range of products. Here, Germany's *Mittelstand*, the small and mid-sized companies, come in. There are thousands and thousands of Mittelstanders that, with their customized, sophisticated products, dominate global niches. The range of these companies goes from two nine-person companies that share among them the world market for a certain paint for can-

dles, to the mighty machine-tool maker Trumpf, which is driving back the Japanese in the U.S. market with its laser-cutting machines.

Unfortunately, the side effect of restructuring is only too obvious: steeply rising unemployment. A McKinsey & Co. research team made a hypothetical calculation: If German automakers reached the productivity level of the best Japanese plants, they could do with a work force that was 45 percent smaller. In machine building, the reduction would be 40 percent, in the chemical industry 30 percent, and so on. As a whole, the German economy could produce its present output with a work force of 24 million people, which would imply a jobless rate of 38 percent. We are casting out the devil of the competitiveness crisis and replacing him with the Beelzebub of an unemployment crisis.

This crisis can only be averted if the German economy finally advances massively into the new growth industries and especially the new multimedia information services. A highly productive economy could then also afford to create low-skilled jobs in the traditional personal services, such as household help, by subsidizing them and making them dignified.

But how can this massive advance into the new industries come about? It clearly cannot

be achieved by entrepreneurs and managers on their own. They are operating in a social and political environment steeped in industrial-age mentality and are affected themselves by this mentality. The advance into the information age presupposes fundamental change in the state of awareness of society, politics, industry.

Transformation into an information society will bring deep changes in everyone's life, for both work and leisure. To win the technological battle we first have to win the battle for the minds of the people, have to win them over to seize the new opportunities and accept the unavoidable changes coming with them.

Change is necessary also in present German economic policy making, which is still in the iron grip of orthodox economists who hold to the dogma that the market regulates everything by itself. This simple recipe worked beautifully in the '50s and '60s when Germany rebuilt its classical industries.

But market forces alone do not bring about the transformation from an industrial to an information society. For this we need creative cooperation between industry and government. The recipes, today, are more complex. We need, on the one hand, less state, to clear the way for the new. But we also need more state.

We need a government that is a partner in industry in creating the information economy, a government that helps to orient society toward the future; that promotes research and development consortia in critical technologies; and above all is an active partner in building the new infrastructures for the 21st century: the information superhighways for the multimedia world.

The battle for change in Germany has begun, but most of the commanding heights are still in the hands of those who stick to old paradigms and who resist change. It is a battle that will decide the fate of Germany and Europe in the 21st century: Will Germany in the next century be a country torn by a crisis, bringing its friends and neighbors in Europe down with itself and unraveling the network of European integration? Or will Germany be a winning culture and a winning economy able to give Eastern Europe full access to its market and lead the way to a strong and prosperous unified Europe?

KONRAD SEITZ is German ambassador in Italy and author of "The Japanese-American Challenge: Germany's High-Tech Industries Fight for Survival."

A Computer Pioneer Rediscovered, 50 Years On

By Peggy Salz Trautman

KASSEL, Germany — At 83, Konrad Zuse, the creator of the first fully automated and program-controlled computer, is enjoying the some of the credit due over 50 years ago.

Computer science students and admirers make pilgrimages to his home in a village near the former border with East Germany. His autobiography, "My Life — The Computer," was recently published by the Springer-Verlag. And the restless inventor is still tinkering with motors and gears, working on self-regenerating systems and contemplating the laws of a universe he believes is governed by a computer-like cosmos.

Born in 1910 in Berlin, the son of a postmaster, Mr. Zuse was drawn as a youth to painting and building. "I have always had a predominant visual approach to my environment," Mr. Zuse says. "This perhaps one-sided talent was also evident in the construction of my computer models; here, too, I preferred mechanical and electromechanical constructions and left the electronics to others who were better qualified."

Mr. Zuse later studied at the Technical University in Berlin, but found the work stultifying. He

dropped out before earning a degree in civil engineering in 1935.

Mr. Zuse's mind was preoccupied by other matters. Vending machines, artificial intelligence, cloverleaf motorway intersections, photo-developing booths and rockets to the moon were among the ideas that kept him from focusing his attention entirely on his studies — ideas that were way ahead of their time.

Above all, Mr. Zuse used his time to contemplate the construction of a "computing machine" and ways to rid himself of the tedious calculations an engineering student of the time had to endure.

In 1935, the Henschel Aircraft Company in Berlin offered Mr. Zuse a job as a structural engineer. A few months later, he quit his post and announced to his horrified parents that he would construct a computer and turn their living room into a workshop in which to do it.

"At the same time as I started in Germany," Mr. Zuse recalls, "(Howard) Aiken and a few others began their work in the United States."

Thus a competition developed between Berlin and Boston, between Mr. Zuse and Howard Aiken, although neither man knew about the other's work. And the odds were extremely uneven: Mr. Aiken had the backing of a powerful corporation, International Business

Machines Corp., while Mr. Zuse, who fashioned computer components by hand with a jigsaw, could depend only on friends and family for financial support.

Mr. Zuse constructed a bulky machine made of hundreds of relays, second-hand sheet metal and mechanical pins. It stood two meters high and 1.5 meters wide, and resembled a large living-room cabinet.

Later known as the Z1, the computer operated with the help of a mechanical calculating unit and memory, and received its commands from old, hand-punched, celluloid film strips.

Despite all the handwork, Mr. Zuse now concedes, "it just never worked right." Mr. Zuse went back to the drawing board.

He began experimenting with electrical relays. The problems: cost and space. A computer with adequate power and capacity would need several thousand relays and take up more room than the workshop provided. The relays would also cost several dollars each — more than Mr. Zuse could afford. In 1938, he developed a small test model using just 200 relays, and called it the Z2.

In 1939, Mr. Zuse was drafted into military service. Ironically, a plea by friends to exempt him from active duty to work on his computer — a machine that could have aided the German war effort — fell

on deaf ears. He served as an infantryman but never saw combat, and in 1940 was allowed to return to his research.

But it was not to be that easy. Bombing raids often wrecked his workshop. With many of his assistants fighting or killed in the war, Mr. Zuse searched schools for handicapped persons with an understanding of mathematics who could help him with his work. His staff also included a young woman, his future wife and professional partner Gisela Brandes. In 1941, he produced the Z3 — the long-awaited breakthrough.

The Z3 was the world's first general-purpose digital computer.

The Z3 had what Paul Ceruzzi, academic and curator of aerospace computing and electronics at the Smithsonian Institution in Washington, D.C., calls several "striking features." It not only predated Mr. Aiken's Mark I, which was first operational in 1944, but it was also widely considered to have been somewhat faster than the Mark I.

Hartmut Petzhold, a curator at the Deutsches Museum in Munich, Germany's counterpart to the Smithsonian, holds the Z3 to be the "most important link" in the development of the computer.

"The Z3 was a milestone," he said. "The Z3 and most documents connected with it were destroyed in the war in 1943."

As the war drew to a close, Mr. Zuse completed work on the Z4, a computer that clattered on until the 1950s.

But few inside and no one outside of Hitler's Germany knew what Zuse was doing.

It wasn't until 1947, that Mr. Zuse was had his first contact with IBM. But Mr. Zuse said the company wouldn't agree to his working conditions. "They were only interested in my patents," he wrote in his autobiography.

As the computer developed into big business, however, Mr. Zuse and his patents were to be of ever more interest to IBM. One in particular, for the Z3, which he filed in 1941, was to prove fateful.

Due to the war and to German bureaucracy, the patent wasn't even published for comment until 1952. The only one of the competing calculator makers to raise an objection, Mr. Zuse says, was Triumph, which was later backed in a suit against the patent by IBM. Court proceedings dragged on until 1967.

In the meantime, Zuse K.G. produced and sold a computer that many historians credit with steering Germany's postwar *Wirtschaftswunder*. At its peak, the company employed 1,000 people and received contracts from throughout the world.

Then came a ruling from the German Patent Office, which decided against Mr. Zuse. "The innovation and the progressiveness of the object concerned in the main application are not doubted. Yet a patent cannot be granted due to insufficient merit," the office ruled.

IBM in Stuttgart would not comment on the court proceedings or on the company's relationship to Mr. Zuse.

Mr. Zuse sold his company, which was sinking into debt, the same year to Siemens AG, which wanted to get into the computer business.

Now, he spends most of his time in his basement workshop, tinkering with plans for a new machine. But Mr. Zuse has learned one lesson from the past: He won't discuss his current work. "I've been branded many times because I've been too early with my inventions and I'm not about to do it again," he says.

PEGGY SALZ TRAUTMAN is a journalist based in Bonn.



Konrad Zuse and his wife, Gisela Brandes.

Nurturing High-Tech Firms

By Ann Brocklehurst

BERLIN — As Germans ponder the effects of recession and worry whether their economy can return to former levels of competitiveness and innovation, a small group of fund managers is trying to nurture the innovative technology companies of the future.

These so-called seed capital funds are backed by an experimental government program designed to encourage early-stage investment in risky but potentially prosperous young technology companies. Since the program's creation in 1989, they have distributed some 100 million Deutsche marks (\$59 million).

Roger Bendisch, manager of Berlin's LBB Seed Capital Fund GmbH, says that although there is still a lot of justifiable gloom and doom about many traditional German industries, there is also reason to be optimistic on the high-technology front.

"These companies are marketing innovative products. They are not building ships or mining coal," he said. "We are creating wealth in a very economical way — much better than giving money to coal-mining."

LBB Seed Capital Fund, which is now owned by the Landesbank Berlin, was created in 1983 and was originally owned jointly by agen-

cies of the Berlin and federal governments. It is currently one of 10 German seed-capital funds, some private and some backed by state governments.

The rules did not stipulate where the funds' money should come from, but they were required to have at least 2 million DM in capital as well as a connection to a bank. Through its credit institution, Kreditanstalt für Wiederaufbau, the federal government guarantees up to 90 percent of the loans made by seed capital funds to young technology companies.

According to Mr. Bendisch, seed capital funds distinguish themselves from other providers of early stage investment in that they provide extensive management advice as well as money. More traditional creditors, such as banks and insurers, tend to save such advice for times of crisis. Seed capital funds also concentrate on smaller companies unable to attract the attention of larger venture capitalists.

"Usually what we have is brilliant technicians out of universities and research labs and we provide part of the management support," said Mr. Bendisch. "The relationship between management costs and invested capital is the main problem."

LBB Seed Capital has just three employees, including Mr. Bendisch, and has made 3.6 million DM of loans to 12 companies since 1990. Mr. Bendisch estimates the fund spends roughly two days per month or 20 days per year on each company although the work comes in waves.

In return for its investments, LBB Seed Capital takes minority shareholdings in companies. So far, it has sold one of its stakes, lost one through bankruptcy and is keeping 10 more.

Mr. Bendisch said that the fund at least broke even with management costs and possibly made a small profit on the stake it sold in an information-technology company involved in ISDN telecommunications. When LBB Seed Capital became involved with the company, it had already developed its product and done preliminary market work but needed help with market penetration before it could function alone.

The fund's failed investment was also in a company dealing in ISDN

technology. The company picked a marketing partner who Mr. Bendisch had advised against using.

As far as the remaining 10 investments are concerned, almost all of them are in information technology companies with niche products they are keen to export to expand limited markets. One of the clients, Berlin's dCADE GmbH, makers of specialized, milling-machine simulation software, expects its sales to rise to 1 million DM in 1994. "In the long term, it's very hard to estimate, but we should come to a three to four million limit," said dCADE's manager, Nezh Yaramanoglu, referring to sales worldwide.

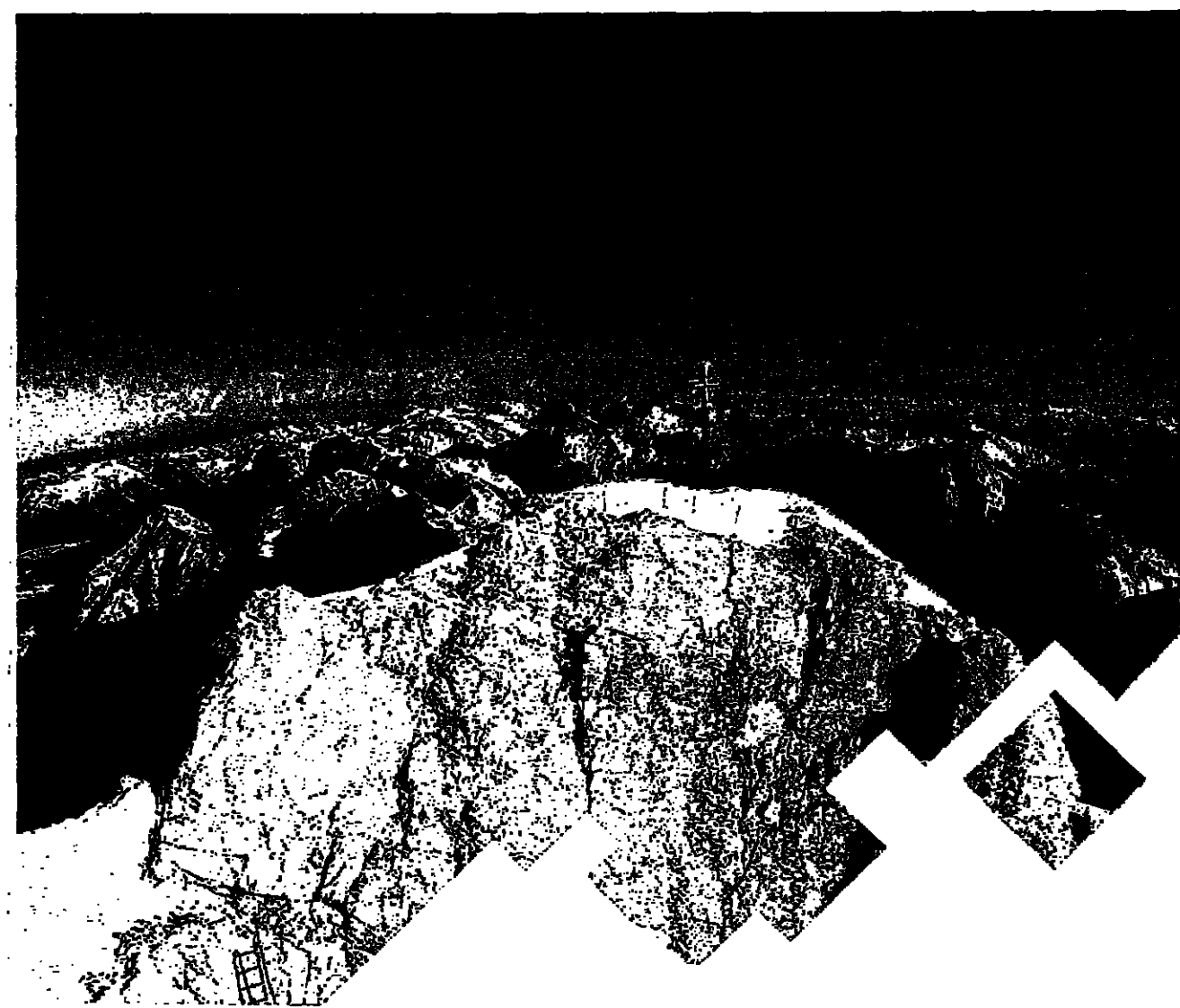
When it first became involved with the LBB Seed Capital Fund in 1992, dCADE had sales of 560,000 DM and made a loss of 30,000 DM. The company had applied for financial aid from the Berlin Senate's innovation fund, which eventually invested 250,000 DM and also referred it to LBB Seed Capital, which invested another 250,000. Together the two outside shareholders now control 25.1 percent of dCADE's equity.

"I feel quite comfortable with it," Mr. Yaramanoglu said. "The only thing we didn't have before Seed Capital Fund was a specialist for financial and business issues. This saved us from behaving instinctively wrongly."

Mr. Bendisch says the seed capital funds, with their market-oriented approach, are a departure from Germany's traditional allocation of state capital for research and development, and noted that before the current program was introduced, there was "no real vehicle available to produce good international products from the immense amount of research products."

He hopes that the Ministry for Research and Technology will continue to sponsor the seed capital program when its original mandate expires at the end of this year. So far, however, the ministry has announced only that it is reviewing the program to determine its effectiveness and how it fits into the government's overall plans to promote innovation and economic growth.

ANN BROCKLEHURST is a journalist based in Berlin.



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Germany/A Special Report

Jobs

Reviving Profits Improve Outlook For DAX Shares

NO stock market on earth is likely to repeat last year's fireworks, but the most respectable encores could well come from eastern Europe and in particular Germany.

As Wall Street houses issue ever more Delphic predictions about U.S. shares and quietly retreat to cash positions, German banks and economists are ratcheting their country's corporate profit estimates upward and predicting another market run-up of 10 to 15 percent by the end of the year.

"Just as the U.S. companies are starting to cut their outlooks, Germans are raising theirs," said Winfried Hutzmann, chief of equities research at Schröder Münchener Investment GmbH in Frankfurt.

Germany's economic fundamentals have rarely looked better and, ironically, are considerably more solid than last year when Frankfurt's benchmark DAX index surged nearly 50 percent in the wake of the worldwide bull market. So far this year, both inflation and interest rates are on a comfortable downward slope, wage increases are modest and corporate profits look set to be the strongest half a decade.

"We are where the U.S. was two to three years ago," said Ingo Linnert, chief German securities analyst at Commerzbank AG.

Two impediments could turn out to be nasty spoilers: a serious slump on Wall Street or a surprise result in Germany's national elections this autumn.

Unlike the Tokyo stock market, European exchanges rarely can avoid the fallout from a Wall Street calamity and German investors are closely watching the erratic pulse readings from Wall Street.

The German elections are generally less feared because the markets may already have factored in one of the more likely scenarios, a victory by the opposition Social Democrats over Chancellor Helmut Kohl's ruling center-right coalition.

The business daily Handelsblatt has dubbed Rudolf Scharping, as the "German Clinton." Like Bill Clinton, he may be from a party with a tradition of state spending but, also like Mr. Clinton, he may have the great fortune of inheriting an economy at a favorable point in its cycle. Mr. Scharping has not given any indication that he would do anything radical to interfere with the cycle.

But there is a worst-case scenario and German politics has had more than its share of surprises lately. The Social Democrats might win by a weak margin and find themselves forced to reach leftward to forge a coalition.

"If the Greens get to play a role, there will be persistent bargaining for more government spending and this will saddle budgets," said Michael Bach, an analyst with Barclays de Zoete Wedd in Frankfurt. The Greens made significant gains in local elections last month



both in Schleswig-Holstein and Lower Saxony.

Barring such jolts, stock traders say that the major spur for the market in the meantime is the outlook for corporate profits.

This month, Daimler-Benz AG, said that it had "decisively turned the corner" after a slump of several years that culminated last year in its first operating loss. Although banks, insurance companies and retailers are likely to be less favored this year, Germany's backbone blue-chip industrialists — chemicals, machine-builders and autos — are seen reaping the benefits of growing exports and improving cost structures.

Heavy industry was given a major boost by wage agreements that took many politicians and business leaders by surprise, especially considering the bitter battles fought out, partly with strikes, in the previous round two years ago.

It also helped set the stage for a modest recovery in bonds, a market that was pummeled along with other European bond markets in the first quarter of this year, largely an aftereffect from the tremors that shook the U.S. bond markets.

With the modest wage gains, inflation is expected to fall to a low of 2 percent in early 1995 from a current rate of 3.2 percent and make it easier for the Bundesbank to keep lowering rates. Some economists see the discount rate, currently at 5 percent, bottoming out at 4 percent at the end of the year.

Perhaps the true test of the market's ebullience will be its reaction to a double dose of financial scandals this year. Metallgesellschaft AG, one of Germany's largest and oldest engineering concerns and metals processors, was driven late last year to the brink of bankruptcy when one of its units was forced to abandon oil hedging positions. Just as the banks were sorting through this wreckage, Jürgen Schneider, one of Germany's most important real estate magnates saddled with a mountain of debt.

"It is hard to know what kind of lasting effect this has on a market, but two back-to-back cases of mismanagement in such a short period of time is the kind of thing that frightens foreign investors," said Holger Fahrmeier, an economist with UBS Phillips & Drew in Frankfurt.

Richard E. Smith

Eastern Shortage: Stock Offerings

By Richard E. Smith

IN the five years since the collapse of the Berlin Wall, the nascent stock markets of Eastern Europe have bubbled with a heady brew of new public offerings. The exchanges of Warsaw and Budapest each boast several dozen, while even Slovenia has managed to produce 10.

But Eastern Germany, a region backed by the massive West German banking system and a rich investing public, has produced a grand total of two. One of those turned out to be a spectacular flop.

Even though the East Germans are methodically putting their house in order and slowly but surely cranking out better statistics, bankers and consultants nearly all agree on the near-term future for stock investors: boring.

The basic explanation has changed little since reunification. East German companies were immediately thrown up against the rigors of world markets and the hardest of currencies. While other East Europeans had time to wallow in post-Communist chaos and sort themselves out a bit, Eastern Germany's larger companies had to move quickly to survive and that nearly always meant a sell-off to a Western company.

Treuhandanstalt, the agency set up to privatize Eastern Germany, was breathing heavily and watching the clock. Its priority was to get the economy into private hands as fast as possible, and an initial public offering takes time.

But the fact that 16 million East Germans have hardly left a trace on the market unquestionably ranks, both at the neighborhood Bierkeller and in the board room.

"The pride of our town was bought up by a Dutch owner of parking garages and a Frenchman who later sold out to an Austrian," said a dentist and small investor from Thuringia who would have liked to invest locally if possible. "Now that we have our VCR and a new car, we have all we need from the West and maybe we should build the Wall again to protect ourselves."

Added a machine-tool company executive in Berlin: "We have sometimes thought that we might have been able to make it by ourselves if we had had a bit more time."

The Western buy-ups have been especially galling for some East Germans because the region still boasts some of capitalism's early success stories — the textile and chemicals works of Saxony, the machinists of Thuringia and the heavy engineering innovators of the greater Berlin area.

Even the Frankfurter Allgemeine Zeitung, the bible of West Germany's banking establishment, said in a recent editorial that it was "too bad that there are not East German offerings on the exchange to give the sense that the region has its 'own' companies."

The union with the West German economy, the advice of experienced bankers, direct access to a highly developed financial market and the interest of wealthy investors — all these factors should have made entry into the market easier," it said. "But the banks still hesitate."

West German bankers and consultants report that they have to answer to their customers and that the East did — and will for some time to come — pose immense risks for investors.

"The situation of these companies was completely turned upside down by new cost structures and the collapse of their Eastern markets," said Eugen von Keller, manager of Eastern privatizations for Roland Berger & Partner GmbH of Munich, one of Germany's leading consulting firms. "IPOs would have sent investors into immensely risky situations."

Deutsche Bank, Germany's largest, did exactly that and the pioneering effort rapidly

The fact that 16 million East Germans have hardly left a trace on the market ripples.

turned into a trauma for everyone involved. In early 1992, in the heady euphoria after reunification, it introduced the East German dairy Sachsenmilch AG to the market with considerable ballyhoo. With a Deutsche Bank seal of approval, there was little trouble attracting investors.

But an ominous crack soon developed. The value of the offering was largely tied to the construction of a new plant in Eastern Germany and the cost estimate mentioned in the prospectus turned out to be badly underestimated. Amid a mass of recriminations and a close brush with outright bankruptcy, the company's shares plummeted from a high of 84 Deutsche marks to 32 DM. Deutsche Bank was humbled pie and paid out 40 million DM (\$23.5 million) to shareholders to compensate them at the price they bought into the fiasco.

Little wonder that no one has rushed to follow in Deutsche Bank's footsteps. At the moment, not a single application is pending for any new East German entry onto the market, according to Frankfurt and Berlin exchange officials. This leaves Berliner Spezialflug AG, one of the heirs to Eastern Germany's flagship line Interflug, as the only purely East German stock available.

Analysts note, however, that whatever does make it to the market is likely to be well screened, not least because of the Sachsenmilch debacle.

"Not a single one of the stocks on the Polish or Czech exchanges could have met the standards of a German market," said Jörg Walter, president of the Berlin Stock Exchange. "They can only be looked at as emerging markets."

With German accounting and exchange standards among the world's strictest, bank-

ers look with some amusement at the exchanges further east. They point out that many Polish, Czech and Russian stocks have been rushed to the market simply to give the public something to buy. This was necessary after governments, in a novel bid to give their entire populations a stake in recovery and a positive view of capitalism, distributed coupons.

"People had to have something to buy with these coupons and a lot of the stocks coming to the market are there out of necessity rather than virtue," said Mr. von Keller of Roland Berger, a firm that has played a role in about 1,000 management buyouts in Eastern Germany. "The system has its advantages but it makes entry to the market easy, especially when a company is unlikely to be able to raise money anywhere else."

Mr. Walter of the Berlin exchange said he thought that as many as 100 East German companies would be ripe for the German market over the next three to five years.

But he and many others are not so sure that they will want to jump off the high-diver any more than their West German cousins. In spite of a Wirtschaftswunder and four decades of steady growth, most West German entrepreneurs have preferred bank credits to the thrills and chills of the exchange floor.

The small, closely held family enterprise has remained the engine of German growth — the computer wizard Heinz Nixdorf waited 32 years before launching a public offering, for instance — and the pattern appears to have taken hold in Eastern Germany.

The build-from-the-ground attitude contrasts sharply with the big-picture entrepreneurs in Warsaw and Moscow. "It is a sign of the cautious German business mentality that the first question they always ask is whether they can own the company's property, the ground they sit on," said Mr. von Keller.

"At this point, the question of new stocks on exchange is not the big question in Eastern Germany," said Rüdiger Pohl, a former member of the German government's council of economic advisers and now chief of the Economic Research Institute of Halle, the leading East German think tank.

"We have to see how these companies develop after they privatize and have started making profits, and then we can talk more about the exchange," he said.

The dream remains but the time perspective is years, not months.

Peter Klopsch, president of Niles Werkzeugmaschinen AG, a machine-tool maker that was once one of former Eastern Germany's star exporters, has shepherded his company through life under a Communist regime, capped by a visit by Mikhail S. Gorbachev, as well as through the new era of mass layoffs and a Western buyout.

"You can complain and regret a lot about what has happened in the last four years, but we have to be realistic and keep working," he said. "Who knows? Maybe five years from now we will be a listed company on our own."

RICHARD E. SMITH is on the staff of the International Herald Tribune.

Siemens-Nixdorf on Road to Comeback

By Peggy Salz Trautman

MUNICH — When Siemens Nixdorf Informationssysteme AG chose to present its product line in the middle of the dinosaur exhibit at the East Berlin Museum of Natural History, many analysts found it ironic.

It wasn't so long ago, they pointed out, that the largest European computer maker also seemed close to extinction.

Now, however, SNI appears to have turned the tide. The company is cutting its losses and jouncing back with a corporate structure and product strategy that give it a solid position in the industry, analysts say. It is beefing up marketing and installing a new chief executive after this year who is expected to cut costs.

For George Verghese, chief analyst for Deutsche Bank Research in London, the change in leadership marks a new chapter for the company. "After years of uncertainty, exciting things are actually starting to happen here," he said.

Helmut Buschmann, managing director of "RZ Rechenzentrum GmbH, a major client of SNI's, said the company's rebound is significant because it all but guarantees that a European player will have a say in the information technology markets of the future, markets that have traditionally been dominated by the United States. Recent poor performance reported by both Group Bull and Olivetti SpA, Dr. Buschmann says, "leave the door wide open for only one survivor in Europe and that will be SNI."

The steps SNI took last year to cut costs and engineer its business processes are finally showing results. Losses are significantly smaller than they were a few years ago, and SNI executives say the company has good prospects

to end in the black in 1995. Sales are still flat, but losses are significantly smaller.

Last year, SNI had net sales of 11.9 billion Deutsche marks (\$7 billion, 7 percent below the 1992 figure, but a level that the company called "acceptable." The company's loss narrowed to DM 419 million, from 513 million in 1992 and 781 million in 1991.

SNI's losses so far this year have narrowed significantly, but they wouldn't give figures — although SNI executives anticipate a 6 percent drop in prices will keep sales at roughly 4 to 5 percent below last year's level.

Part of the reason things are looking better is SNI's open systems, client-server strategy. At the March CeBIT computer fair in Hannover the company introduced a barrage of new products.

Jane Dooley, a director of Dataquest in Britain, said she is "more impressed" than she thought she would be with SNI's product line and recent performance. Unlike IBM, Ms. Dooley says, SNI is moving away from mainframes and throwing its support behind smaller, decentralized systems and that, Ms. Dooley adds, "can bring only benefits."

But SNI's outlook wasn't always so positive. Indeed, many expected the 1990 merger between Siemens Data & Information Systems Group and Nixdorf AG, like the unification of Germany the same year, to founder. Just as Germany had to integrate its eastern territories and overcome a recession, so was SNI forced to reconcile two corporate cultures and struggle through the computer industry's worst slowdown.

To make matters worse, Nixdorf, the hero of Germany's small businesses, saw itself as a David standing tall against computer giants such as Siemens. While Siemens had built its strength on providing computers to corporate customers, which could work with products

from any manufacturer, Nixdorf relied on smaller clients and promoted proprietary computer systems.

"Things were looking pretty grim at first," the chairman and chief executive of SNI, Hans-Dieter Wiedig, said in an interview. IBM began its fall, the recession hit Europe, the computer price war was on and proprietary computers were on the way out. "All factors came together at once and this caused considerable problems within the information technology industry worldwide," he said.

Despite turbulence on the market, SNI spent hundreds of millions of marks to give Nixdorf customers the ability to use other operating systems, and slim its offer down to three solid product families.

Now the company faces another problem: marketing. "They have a lot of clever products and a number of really fine innovations such as the Synapse," the world's fastest neural, or "thinking" computer. Ms. Dooley of Dataquest says, "but they just don't make enough noise about them."

To tackle this problem, Mr. Wiedig has recently influenced SNI to break with two of its most beloved but stifling tenets: promotion from within company ranks only and technology first.

In October, Mr. Wiedig is stepping aside to let an outsider take the helm. Gerhard Schulmeyer, a cost-cutter who headed the U.S. operations of ABB Asca Brown Boveri, will become CEO while Mr. Wiedig will move up to the supervisory board.

Gerhard Adler, Managing Director of consultancy Diebold Deutschland said that Mr. Schulmeyer has the hard hand SNI needs. "He successfully tore apart ABB and put it back together," Mr. Adler says, "and he'll do the same at SNI."

Can Germany Avoid A Weak Leadership?

Continued from page 19

increase the stature and representation of both left and right in Germany.

One needs to be very prescient to guess what impact these sorts of results will have on Germany's ever-suspicious neighbors. But the current anti-foreign violence is, by itself, no reason for angst about Germany falling back into the bad old Nazi times.

But the increasing political polarization underlines another, more worrying issue. Germans by and large have lost interest and enthusiasm in politics, political parties and political leaders. Germany is not another Italy, but there is a widespread disenchantment with the same old faces, the seemingly insoluble problems, the lack of a bright economic future and a falling standard of living.

One major party looks much like the other, and it is doubtful that one or the other will manage to gain much over one-third of the voters in the 1994 national election. This would mean a Grand Coalition with the position of chancellor probably being determined by a few percentage points. This is not apt to be a happy solution to the country's ills.

A weak German chancellor, one unable to provide a confident and powerful impulse for the integration of Europe and the regeneration of the East European economy — a system would be viewed — even by those suspicious of Germany's power and of its use to use — as near disastrous.

Combined with a U.S. administration that is little oriented toward Europe, a fragile Russia, an increasingly shaky Japan and a middle-aged, the lack of German leadership and power (two words decried by most Germans) causes the very Western structures created to preserve stability to tremble.

There are no simple solutions to any of these problems, which are probably larger than any faced by the country since 1945. What is needed now is a reasoned German discussion of the situation and an analysis of what can be done about it. If the issues are not faced, honestly and resolutely, the Germans will be reduced to a state which they abhor — muddling through. That is, I am sorry to say, what they will probably have.

DAVID ANDERSON is head of the Aspen Institute Germany.

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SPORTS

Chisox Sink
Bosox in
A Deluge
By Raines

The Associated Press
Wilson Alvarez had just flirted with a no-hitter for 5½ innings and won his 11th consecutive decision. Still, he wasted little time in pointing people to the star of the game.

"Tim Raines is the big man today," Alvarez said.

"He's the man today, not me," he said, after Raines's three homers

AL ROUNDUP

led the Chicago White Sox to a 12-1 triumph Monday over the Red Sox in Boston.

Raines hit solo homers leading off the first and third innings and a two-run drive in the eighth. He scored five runs and drove in four. He also walked, singled and reached on an error in the ninth.

It was the first three-homer game of Raines's career. All three were hit to right field, helped by a 12-mile-an-hour (20 kph) wind.

"I don't consider myself a home run hitter," Raines said. "But on a day like today, you just try to get one up in the air in the direction the wind is blowing. Out of the three I hit, I thought maybe one would have cleared the fence."

The previous three-homer game for the White Sox was by Harold Baines against Minnesota on Sept. 17, 1984.

Frank Thomas also homered for Chicago and Joey Cora added a three-run triple.

The White Sox hit eight homers in the three-game series at Fenway Park and have 14 in six games against the Red Sox this season. Thomas, who has six home runs this year, homered in all three games of the series. Thomas has homered in four straight overall, and has scored a run in all 12 of Chicago's games.

"It was a good old butt-whipping," said Boston manager. "I'm glad to see Chicago leave here. Those guys can swing the bats."

The power display by the White Sox overshadowed Alvarez's performance. Andre Dawson's single high off the left-field wall in the sixth was the first hit. Alvarez lost his shutout the following inning when John Valentin doubled and Rich Rowland singled.

Alvarez has not lost since Aug. 11. He won his final seven decisions last season, defeated Toronto in the AL playoffs and has allowed just five earned runs in three starts this season.

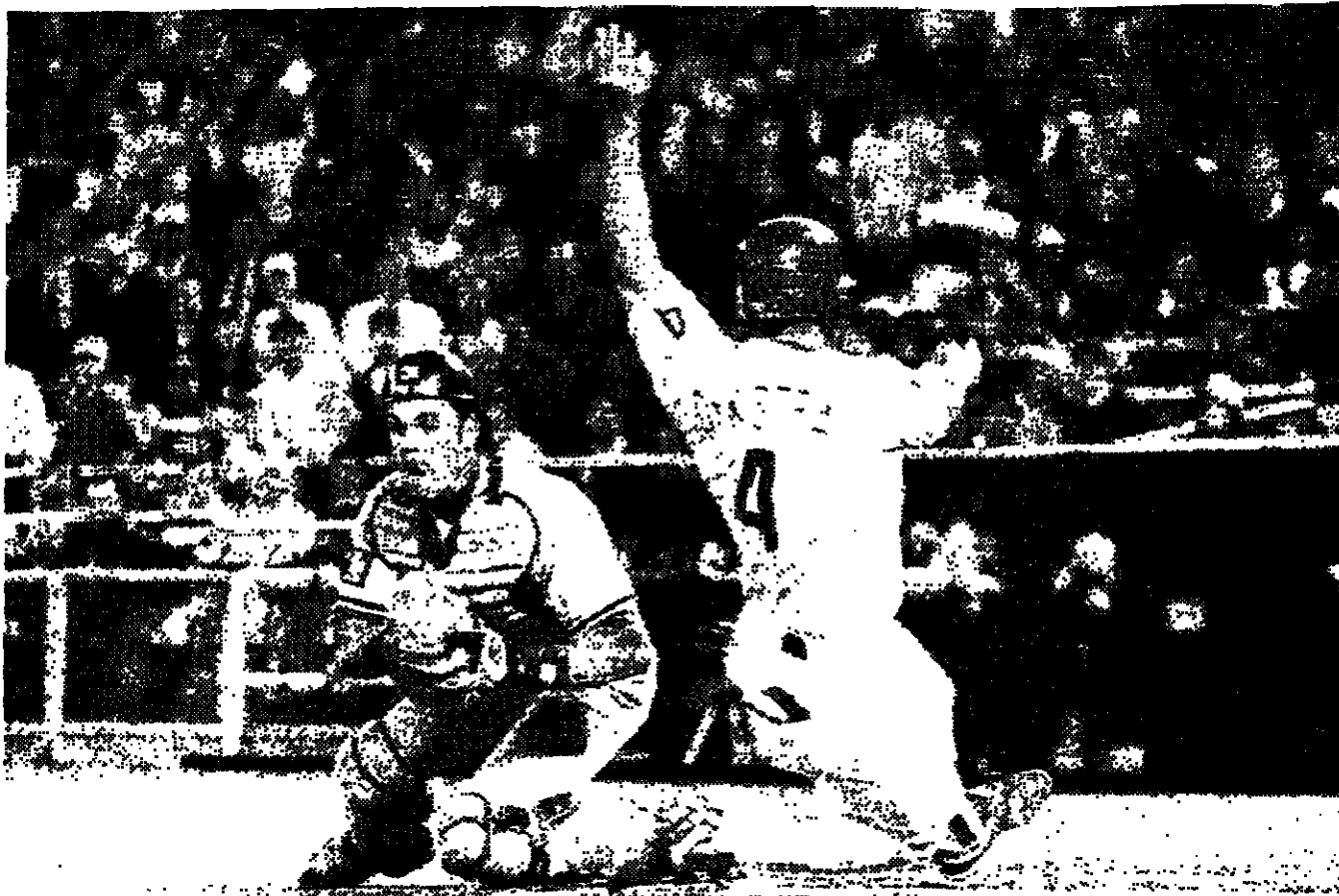
Danny Darwin allowed eight runs on seven hits in 6½ innings and walked six for Boston.

Royals 11, Tigers 1: Gary Gaetti keyed a six-run first inning, and later hit his first homer of the season as Kansas City won in Detroit.

The Royals have won five in a row and Detroit has lost four of five.

Gaetti's two-run single with one out made it 4-0 and chased John Doherty. Gaetti hit a solo homer in the seventh.

Greg Gagne got his 1,000th career hit, an RBI single in the ninth. Gagne and Wally Joyner each drove in two runs.



The Phillies' Lenny Dykstra sliding into home as the Dodgers' Mike Piazza awaited the throw. Philadelphia won it in the ninth, 5-4.

Bonds's Homer and Walk Undo Expos

The Associated Press

The Montreal Expos pitched to Barry Bonds and that cost them the lead. Then they pitched around him and that cost them the game.

Bonds hit a home run with one out in the bottom of the ninth inning to tie it. He walked, stole two bases and scored on Mark Carreon's pinch-hit single with one out in the 11th to give the San Francisco Giants a 2-1 victory Monday night over the visiting Expos.

Bonds, bidding for his record third straight MVP award this season — and fourth overall — began the game batting only .214 with just one steal. But he again picked his moments: all five of his home runs have either tied games, or put the Giants ahead.

"If you walk him he can steal bases and if you pitch to him, he has the chance to knock it out of the park," said Mike Jackson, the winning pitcher. "I'm just fortunate to play with a guy like that."

NL ROUNDUP

the park," said Mike Jackson, the winning pitcher. "I'm just fortunate to play with a guy like that."

The Expos's starter, Pedro Martinez, struck out a career-high 10 and gave up only five hits in seven innings. But in the ninth, Bonds connected off Jeff Shaw for his second homer in two days, tying it at 1.

In the 11th, Bonds drew a one-out walk from Tim Scott. Bonds stole second and, after an intentional walk, stole third.

Carreon followed with his first hit in five at-bats this season.

Jackson relieved with the bases loaded and one out in the 10th and got Moises Alou to ground into a double play. The Giants put runners at second and third with one out in the 10th, but Robby Thompson lined out and Willie McGee grounded out.

Braves 7, Cardinals 1: Ryan Klesko, Fred McGriff and David Justice hit consecutive homers in the first inning and Atlanta crushed St. Louis for its sixth straight victory and 13th in 14 games.

On Friday in Chicago, McGriff, Terry Pendleton and Tony Tarasco had hit consecutive homers in the first inning during a 19-5 rout.

On Monday in Atlanta, Steve

Avery protected the early lead, pitching six strong innings. He gave up one run on two hits. Rick Sutcliffe was chased in the third.

Padres 6, Mets 3: Jeff Kent hit another home run, but it could not overcome two homers and a career-high five RBIs by Derek Bell in San Diego.

Kent hit his seventh homer in six games, a two-run shot in the eighth that tied it at 3. He leads the majors with eight home runs and 21 RBIs.

Bell put the Padres ahead with a three-run homer in the eighth off Jonathan Hurst. He also hit a two-run homer in the sixth.

Gene Harris was the winner. New York third baseman Bobby Bonilla started for the first time since injuring his left shoulder April 10 and had an RBI single.

Phillies 5, Dodgers 4: Jim Eisenreich got an infield hit with two outs in the ninth that lifted Philadelphia over visiting Los Angeles.

Mike Piazza hit a three-run homer in the seventh that gave the Dodgers a 4-3 lead. With the scored tied in the ninth, Piazza popped up against Doug Jones with two runners on to end the inning.

John Kruk opened the Phillies' ninth with a single and advanced on an errant throw by Gary Wayne. Darren Daulton grounded into a double play, sending Kruk to third, and Eisenreich beat out a slow grounder to second baseman Delino DeShields.

Marlins 5, Rockies 3: Chuck Carr singled home the tying run with one out and Jeff Conine hit a two-run double with two outs as Florida rallied in the ninth against Colorado closer Darren Holmes.

The loss at home ended the Rockies' four-game winning streak. Holmes took over to start the ninth with a 3-2 lead, and blew his third save chance in four tries.

Luis Aquino was the winner despite giving up Ellis Burks's go-ahead double in the eighth.

No to Big Brother at '94 Cup

International Herald Tribune
LONDON — World Cup USA 94 is so close we can almost smell it. "Soccer with a nice popcorn taste" is how the German goalscorer Jürgen Klinsmann describes the new experience.

Eight weeks from now we will be there. Or will we? Paranoia is afoot. The U.S. organizers have stirred a hornets' nest, demanding as a pre-condition to accreditation the following:

"I hereby request/authorize the Federal Bureau of Investigation (FBI), all state and local law enforcement agencies, consistent with applicable law(s), to release criminal history and criminal investigative records pertaining to me to World Cup USA 1994, Inc., its officials, and/or agents to establish security and accreditation eligibility."

That has gone around the world for signature by media, players and officials. According to the letter, the requirement is made of everyone applying for accreditation to "the World Cup Family," presumably even to the leaders of FIFA itself.

Sepp Blatter, the former Swiss Army colonel who is FIFA's general secretary, was at first "totally shocked at the procedure." But his office has backed off telling the Americans how to run their affairs.

João Havelange, the FIFA president, happens to be in America right now for a meeting of the regional soccer confederation, discussing, among other things, his likely unopposed candidature for a sixth term of office. I wonder if Havelange will sign the pledge? These are delicate times for Havelange, his family and the law. Ricardo Teixeira, Havelange's son-in-law is suing Pele, Brazil's former playing idol, over allegations of corruption at the Brazilian soccer federation — which Teixeira runs. And there are investigations into the financial affairs of Havelange.

No doubt soccer's great ruler will defend himself against those charges as vigorously as he states that, at 77, he is strong enough in body and mind to run the sport's world governing body for four more years. But this man who was courted by the White House to grant America the World Cup might be obliged, on pain of exclusion, to sign away rights suddenly slipped into the accreditation process.

WHAT IF we all refuse to endorse this legal blackmail? What if 500 players, 5,000 journalists, sponsors, agents, volunteers and referees, tell the FBI and unnamed World Cup "agents," any dark secrets in our past are not their business?

I haven't made calls to 5,000 journalists, but those who have spoken about the waiver stand in line with George Freeman, assistant general counsel to the New York Times.

Freeman shot off a lawyer-to-lawyer reposte to Alan I. Rothenberg, chairman of World Cup USA 94. "We are all aghast at the inappropriateness of your request," wrote Freeman. "It strikes us as the grossest invasion of personal privacy of the journalists. Certainly to carry on their livelihood, members of the media should not be required to yield their civil rights."

Freeman circulated his letter to attorneys of major U.S. news organizations. It spelled out that Times reporters were not hoodlums, and had not been subjected to such outrageous conditions to cover any

previous World Cup, any Olympic Games, any World Series, any Super Bowl.

The Boston Globe, USA Today and The Associated Press are among those reluctant to acquiesce. On the assumption that this is not just America's squabble, and anyone can join in. I add my two-cents' worth.

I began attending World Cups in 1974 in Germany, where there was justification for vetting everyone coming to the tournament because two years previously Palestinian terrorists had killed seven Israeli competitors at the Munich Olympic Games.

No right-thinking visitor could object to body and baggage searches. But not in Germany, not in Argentina (where a World Cup was held under military rule), not in Mexico, Spain or Italy did the authorities (to my knowledge) make a condition of accreditation the handing over of supposed criminal records.

That makes five World Cups. I have also covered three Olympics, an Arab-Israeli war, and countless stories or major events on five continents. It takes America, land of the free, to presume to invade my privacy as a citizen of the world.

By late Tuesday, Rothenberg, usually punctilious on any request, had not replied to the letter Freeman faxed and mailed on April 11. A World Cup press officer has implied that "the whole thing is under review." Meanwhile, the April 30 deadline nears in those expecting to be a part of the 25th World Cup.

Rothenberg must realize that Freeman is not just playing devil's advocate, and that there are editors, not reporters, in the United States who would not mind if USA 94 gave their papers good reason to ignore the World Cup.

THE WHOLE point of the exercise is to bring America into, as Rothenberg calls it, the FIFA Family. The two sides can only profit from each other: soccer the most popular pursuit in the rest of the world, America home of communications, money, instant appeal and, at last count, 16 million kids who think soccer could be for them.

No one out here thinks the sport will corrupt or harm them, though it just might rise to challenge all-American sports of basketball, baseball, football and hockey. We are not missionaries, but we think the United States and soccer have something to offer one another.

From America we can learn how to present a sport started 100 years ago in England. We can benefit from the concept of family entertainment while pursuing the prizes of sport.

And as long as we don't fall for the Nancy and Tony ethic, we might even enjoy wrapping up sport in show biz. Italy did it with Gennaro, Dominguez, Pavarotti, and those three, heavyweights of music and devotees of soccer, are booked to perform in Chicago on June 16.

Next day, accreditation permitting, Liza Minnelli gives the show on the road for "the greatest World Cup in history."

Sometime around then I will look for Edgar Best, former FBI agent and now head of World Cup security. If I get the chance, I shall remind him of a promise I made to accredited journalists at the U.S. Cup last year: "We are not going to overpower this World Cup with excessive security," he said. "We plan a joyous World Cup."

I'll sign to that.

Rob Hughes is on the staff of The Times.

Redskins Sign Quarterback Friesz

The Associated Press

The Green Bay Packers have another sack specialist, the Washington Redskins have a new quarterback and the Los Angeles Raiders have a behemoth to protect Jeff Hostetler.

On the last day for National Football League restricted free agents to sign with new teams, those were the three biggest moves Monday. The Packers signed Sean Jones, the Redskins got John Friesz and Los Angeles picked up 328-pound (148-kilogram) Kevin Gogan.

Another major move was pending as Alvin Harper decided whether to go from Dallas to Pittsburgh. The NFL gave the wide receiver an extension of the signing deadline for unspecified reasons. He was expected to decide later Tuesday.

In other moves, quarterback Bobby Hebert resigned with the Atlanta Falcons, cornerback Ben Smith was traded from Philadelphia to Denver, center Jim Sweeney re-signed with the New York Jets and return specialist Vai Sikahema retired.

Harper was considering a reported \$4.2 million, three-year offer from Pittsburgh. The Cowboys

have offered him \$366,000 for one year. If he signs with Pittsburgh, Dallas would receive a first- and third-round draft choice as compensation.

The Packers, who lost free agent linebacker Tony Bennett to Indianapolis earlier this spring, filled their need for a pass rush specialist.

The team wouldn't release terms, but published reports said the contract was worth \$7.8 million over three years, making Jones, 31, the Packers' second-highest paid defensive player behind Reggie White.

Friesz will give the Redskins a veteran to help groom the quarterback they are expected to take with the third pick in the draft — either Heath Shuler of Tennessee or Trent Diller of Fresno State.

Friesz, the San Diego Chargers' one-time starter, signed a one-year, \$900,000 deal. Last season's Washington quarterback, Mark Rypien, was released last week.

Gogan signed a three-year, \$3.7 million deal with the Raiders after the Cowboys tried in vain to convince him to stay. To replace him, Dallas signed Derek Kennard of the New Orleans Saints.

Radio City Show to Close World Cup

Readers

NEW YORK — Radio City Music Hall Productions will produce the 1994 World Cup closing ceremony on July 17, a 30-minute show expected to be watched by the biggest audience in television history.

The ceremony will take place before the World Cup final in the Rose Bowl, in Pasadena, California.

World Cup organizers said Monday that the show was expected to include "a performance by a world-class star, hundreds of children, the 24 participating countries, the World Cup trophy unveiling and more."

They said the star would be announced "shortly."

The World Cup final, historically the world's most widely-watched television event, is expected to attract an estimated 2 billion viewers in more than 180 countries.

"The close of World Cup '94 will create a lasting legacy for soccer in the United States," said the World Cup USA 1994 chairman and chief executive, Alan Rothenberg.

The World Cup, being staged in nine cities in the United States, opens on June 17 in Chicago. Germany, the defending champion, plays Bolivia in that game.

■ 3 Cut From Italian Team

Italy has dropped 3 players — Gianluca Vialli, Gianluigi Lentini and Roberto Mancini — from its national team as Coach Arrigo Sacchi cut the roster to 31. The New York Times reported.

Vialli and Lentini, just recovered from serious injuries, were considered out of shape for the World Cup. Mancini was dropped following a poor performance last month

in Italy's 2-1 loss to Germany in an exhibition game.

Vialli, who has 16 goals in 36 appearances for the Azzurri, was sidelined for several weeks with a broken foot but scored three goals Sunday as Juventus of Turin routed Lazio of Rome, 6-1. Lentini, had some unimpressive performances as he returned to action last month after recovering from a near-fatal highway crash in August.

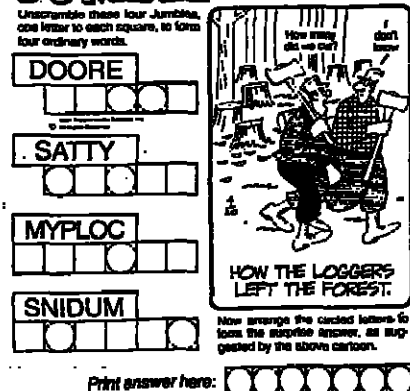
■ New Bastia Stadium Plan

The Furiani stadium in Corsica, scene of a soccer tragedy two years ago in which 15 people died after a temporary stand collapsed, is to be rebuilt this year. Reuters reported. The French sports minister, Michèle Alliot-Marie, said on Tuesday that an 8,700-seat stadium would be erected on the present site in Bastia.

DENNIS THE MENACE



JUMBLE

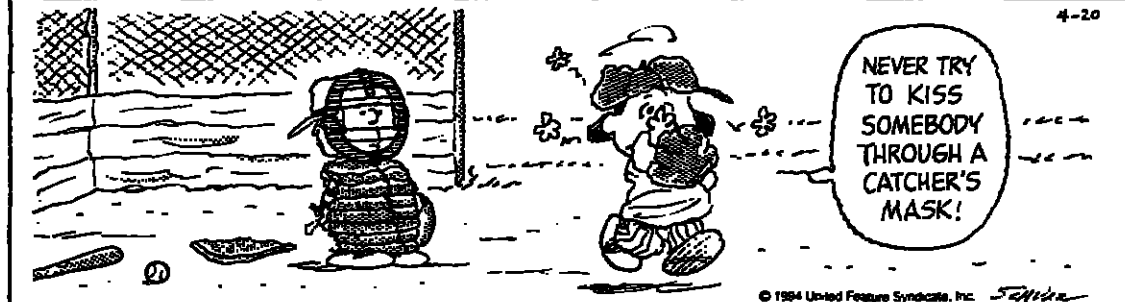


Print answer here: _____

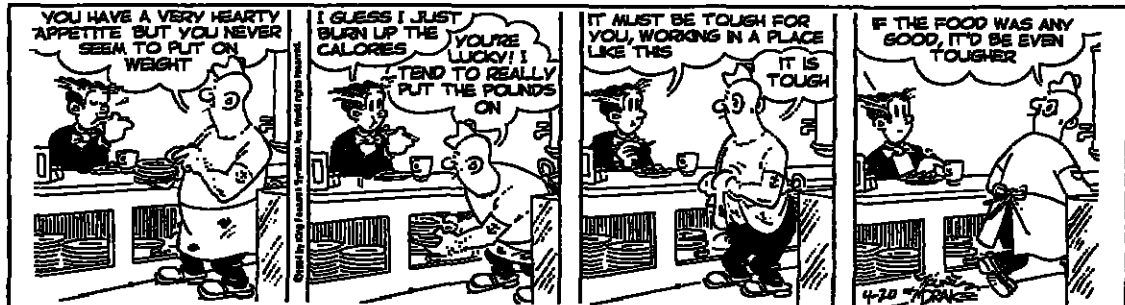
Yesterday's Answer: AFFON HOUSE FODDER CUNCH
Question: What kind of day is it in the sun — HER PUMPS?

For investment information Read the MONEY REPORT every Saturday in the IHT

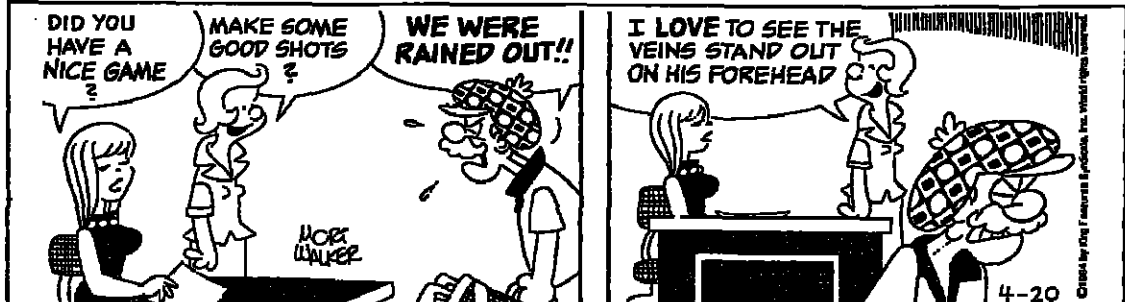
PEANUTS



BLONDIE



BEETLE BAILEY



DOONESBURY



CALVIN AND HOBES



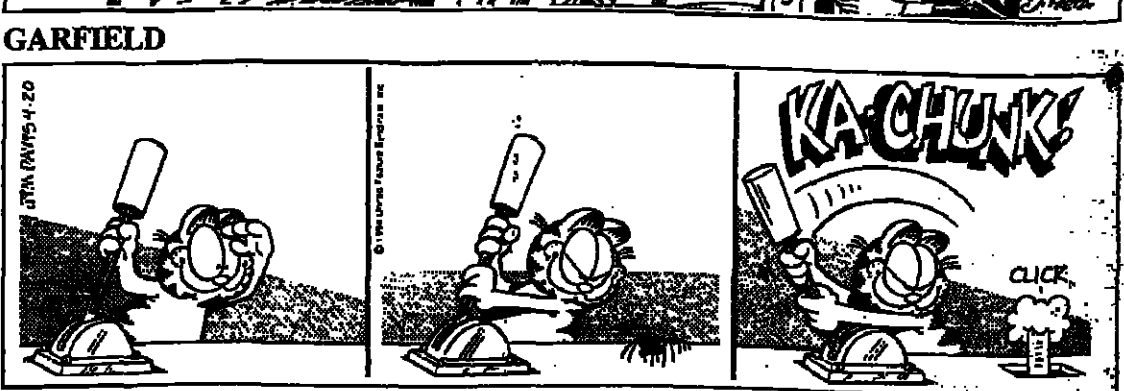
WIZARD OF ID



REX MORGAN



GARFIELD



The Last Generation?

You aren't like your dreary old parents who were born back in the 1880s or 1870s and didn't have any generation at all to feel part of. It's

The quality-time kids of the Me Generation seem to have grown into the people whom editors are now trying to herd into Generation X. None of it makes sense, or ever did from the time Gertrude Stein started the whole thing. Let's plead generation fatigue and hurry off to bed with a good book, not Hemingway.

Peeling Away Layers Of 'Invisible Man'

And, as if this were not enough, Ellison gave our age a new metaphor for social alienation. His definition of "invisibility" is so common now, so much a part of the culture and language — like a coin handled by billions — that it is automatically

As might be expected, appreciating the achievement of Ellison's fiction inevitably means taking seriously both the singular aesthetic position that makes it possible and his notion of the Negro's crucial role in the United States' evolution, an understanding shared by most of our elders born early in the century.



actually one of creating the uncreated conscience of his race, but of creating the uncreated features of his face . Our task is that of making ourselves individuals. The conscience of a race is the gift of its individuals who see, evaluate, record We create the race by creating ourselves and then to our great astonishment we will have created something far more important: We will have created a culture. Why waste time

Charles Johnson, author of "Middle Passage" and winner of the 1990 National Book Award in fiction, wrote this for The Washington Post.

The photographer **Oliviero Toscani**, whose advertisements for fashion firm Benetton have shocked millions, has resigned in a dispute over the Italian clothing company's new magazine. Toscani said he had resigned in protest of the managing director **Aldo Palermi**'s handling of the magazine. Colors. Palermi said he would replace Toscani with his 26-year-old daughter, "who can take pictures."

**INTERNATIONAL
CLASSIFIED**

Forecast for Thursday through Saturday, as provided by Accu-Weather.



Jetstream	Cold	Unusually	Hot	Hot	Hot
<p>North America</p> <p>Cooler air will invade the Northeast later this week. Expect a few showers accompanied by plenty of sunshine on Tuesday. In Boston, a few pockets of frost will occur around the middle of the night and even Friday night. Meanwhile, the western half</p>	<p>Europe</p> <p>Southeastern Europe, including Spain and Portugal, will have weather with occasional periods of rain. In London and London will be mild with limited sunshine and a shower from time to time. Copenhagen to Rome will also be mild with some sunshine and</p>	<p>Asia</p> <p>Cooler air will move Korea later this week. So, expect a few showers in Tokyo by Friday. Meanwhile, Hong Kong will have a hazy sunshine. Hong Kong will be cloudy by Saturday morning with some rain around. Singapore will have partly sunny and warm</p>			

[illegible]

	Today			Tomorrow		
	High C/F	Low C/F	W	High C/F	Low C/F	W
Bangkok	34/83	26/79	pc	34/83	26/79	pc
Beijing	21/70	13/55	pc	19/66	7/44	pc
Hong Kong	25/77	21/70	pc	25/77	21/70	pc
Mumbai	33/81	24/75	pc	33/81	25/77	pc
New Delhi	33/81	23/73	pc	35/85	21/70	pc
Seoul	18/65	12/53	pc	20/68	11/52	pc
Shanghai	25/73	18/64	c	23/73	13/55	pc
Singapore	31/88	24/75	sh	31/88	23/73	pc
Taipei	27/80	18/64	pc	27/80	15/59	pc
Tokyo	18/64	8/43	s	17/62	9/48	pc

Africa					
Algeria	17.62	13.55	sh	19.65	13.55 pc
Cape Town	18.59	11.52	pc	21.70	13.53 pc
Conakry	15.59	9.48	pc	18.84	8.48 pc
Lagos	21.70	10.50	t	24.75	11.52 pc
Harare	31.88	26.79	c	32.89	26.78 s
Nairobi	23.73	12.53	pc	24.75	14.67 pc
Tunis	20.68	13.55	sh	21.70	11.52 pc
North America					
Anchorage	8.48	2.35	c	7.44	-4.25 pc
Atlanta	29.82	13.65	s	24.75	13.65 pc
Boston	15.69	2.85	s	12.53	3.87 pc
Chicago	14.61	4.89	s	13.65	6.43 pc

Denver	23,773	8,446	24,773	7,444	pc
Detroit	14,571	1,134	5,161	7,444	pc
Honolulu	27,890	20,888	28,892	21,770	pc
Houston	27,180	17,632	5,270	17,632	pc
Los Angeles	23,773	14,571	22,771	15,558	pc
Miami	26,892	21,770	1,308,888	22,771	pu
Minneapolis	14,567	4,334	5,159	5,511	pc
Montreal	9,148	639	5,050	5,782	pc
New York	22,771	2,771	2,771	2,771	pc
New York	18,894	8,443	18,894	8,446	pc
Phoenix	24,923	21,770	35,895	19,895	s
San Francisco	18,894	11,632	19,898	10,550	pc
Seattle	16,651	9,148	15,891	8,446	sh
Toronto	7,144	0,332	12,663	0,732	pc
Washington	21,770	4,339	20,658	7,444	pc

ACROSS

- | | |
|------------------|---------------------|
| Garden tool | fingerprinting, |
| Gimme | nowadays |
| Shelter band, | 18 Pollen holder |
| with "The" | 20 By way of |
| Explain visually | 21 Left-fielder Ron |
| Brecht's | 23 "For" words |
| Mother —" | 24 Screen — |
| With 16-Across, | 25 Dubai royalty |
| Canadian | 27 Lush |
| speech | 28 Suffix with |
| | kitchen |
| anagram of | 29 Reminisc |
| 5-Across | 31 Siege site |

Solution to Puzzle of April 19

[illegible]

34 Midafternoon on a sundial
35 Suffix with sorrel
36 Make no change
41 Iced dessert
45 Heavy reading?
46 One for the road
48 La Scala locale
49 Banned apple spray
50 Error's partner
52 Druggie's nemesis
53 Ukr. neighbor
54 Land of ancient Smyrna
55 Earl Grey, e.g.
56 With 58-Across, hires recording artists again
58 Anagram of 56-Across
61 ——— list
62 Enrage
63 Satrap
64 Ad signs

DOWN

- 1 Like Rushdie's verses
- 2 Tour org.
- 3 T.W.A. info

5 Hams it up
6 Boils
7 Malaysian
gent's title

9 Table scrap
 9 Ingénue's trait
 10 Self-ish folks
 11 Upper
 chambers
 12 Ebbeys Field
 player
 13 ——— only
 14 Regain
 consciousness
 15 Beginning
 (then)
 22 With 24-Down,
 instructor's turf
 24 Anagram of
 22-Down
 25 Coasted
 30 Back talk
 32 Person in
 stripes
 33 Four years, for a
 President
 36 Headlined

37 The second T in TNT
38 Accumulates
39 Puzzle direction
40 Follow
42 Typewriter

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COUNTRY	ACCESS NUMBER	COUNTRY	ACCESS NUMBER	COUNTRY	ACCESS NUMBER
ASIA/PACIFIC		Ireland	1-800-550-0000	Colombia	900-11-0000
Australia	0014-881-011	Italy	172-3011	Costa Rica	11-0000
China, PRC**	10611	Liechtenstein*	155-90-11	Ecuador	11
Guam	018-672	Lithuania	84-196	El Salvador	119
Hong Kong	800-1111	Luxembourg	0-800-0111	Guatemala*	196
India	000-117	Malta*	0800-890-110	Guyana**	169
Indonesia*	001-801-10	Monaco*	159-0111	Honduras*	12
Japan*	0039-111	Netherlands*	06-022-9111	Mexico***	95-800-462-424
Korea	009-11	Norway	800-190-21	Nicaragua (Managua)	274
Korea**	11*	Poland**	0-010-480-0111	Panama	105
Malaysia*	800-0011	Portugal*	05017-1-288	Peru*	109
New Zealand	000-911	Romania	01-800-4288	Suriname	00-040
Philippines*	105-11	Russia* (Moscow)	155-50-62	Uruguay	00-151
Saipan*	285-2872	Slovakia	00-428-00101	Venezuela**	80-01-120
Singapore	800-011-11	Spain	900-99-00-11		
Si Lanka	430-430	Sweden*	020-795-611	CARIBBEAN	
Taiwan*	0090-10288-0	Switzerland*	155-00-11	Bahamas	1-800-872-2881
Thailand*	0019-991-1111	U.K.	0500-69-0011	Bermuda*	1-800-872-2881
EUROPE		MIDDLE EAST		Bolivia V.I.	1-800-872-2881
Armenia*	84-1111	Bahrain	800-001	Cayman Islands	1-800-872-2881
Austria**	022-903-011	Cyprus*	080-90010	Grenada*	1-800-872-2881
Belgium*	078-11-0010	Israel	177-100-277	Haiti*	001-800-972-2881
Bulgaria	00-1800-0010	Kuwait	800-288	Jamaica*	0-800-872-2881
Croatia*	99-38-0011	Lebanon (Beirut)	426-801	Neth. Antill.	001-800-872-2881
Czech Rep.	00-420-00101	Saudi Arabia	1-800-1200	St. Kitts/Nevis	1-800-872-2881
Denmark*	8001-0010	Turkey*	00-800-12277	AFRICA	
Finland*	9000-10610	AMERICAS		Egypt* (Cairo)	510-0200
France	194-0011	Argentina*	001-800-200-1111	Gabon*	010-0001
Germany	0130-0010	Belize*	595	Gambia*	001111
Greece*	00-800-1311	Bolivia*	0-800-1111	Kenya*	0800-10
Hong Kong	004-800-01111	Brasil	000-8010	Liberia	797-797
Iceland*	999-001	Chile	000-0312	Malawi*	101-1021

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